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SAN FRANCISCO PORT COMMISSION

Leslie Katz, President
Willie Adams, Vice President
Kimberly Brandon, Commissioner
Mel Murphy, Commissioner
Doreen Woo Ho, Commissioner

Monique Moyer, Executive Director
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Amy Quesada, Commission Secretary
Phone: 415-274-0406; Fax 415-274-0412

MEETING AGENDA

TUESDAY, JANUARY 13, 2015
2:30 P.M. CLOSED SESSION
3:15 P.M. OPEN SESSION

PORT COMMISSION HEARING ROOM, SECOND FLOOR
FERRY BUILDING, SAN FRANCISCO CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Port Commission are posted on the Port's Website at www.sfport.com. The agenda packet is also available at the Pier 1 Reception Desk. If any materials related to an item on this agenda have been distributed to the Port Commission after distribution of the agenda packet, those materials are available for public inspection at the Port Commission Secretary's Office located at Pier 1 during normal office hours.

1. CALL TO ORDER / ROLL CALL
2. APPROVAL OF MINUTES – December 16, 2014
3. PUBLIC COMMENT ON EXECUTIVE SESSION
4. EXECUTIVE SESSION

GOVERNMENT
DOCUMENTS DEPT

JAN - 9 2015


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- A. Vote on whether to hold closed session.

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING
LITIGATION MATTERS (Discussion Items):

- a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):

- Corinne Woods, Michael Theriault and Tim Colen, petitioners and plaintiffs, v. John Arntz, in his official capacity as Director of



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- *California State Lands Commission, petitioner and plaintiff, v. City and County of San Francisco, et al., respondents and defendants; San Francisco Superior Court (Case No.: CGC-14-540531 filed July 15, 2014)*

5. RECONVENE IN OPEN SESSION

- A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.
- B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during Public Comment Period. A member of the public has up to three minutes to make pertinent public comments. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406. No Commission action can be taken on any matter raised during the public comment period for items not listed on the agenda other than to schedule the matter for a future agenda, refer the matter to staff for investigation or respond briefly to statements made or questions posed by members of the public. (Government Code Section 54954.2(a))

9. EXECUTIVE

- A. Election of Port Commission Officers
- B. Executive Director's Report
 - Greenagers Graduation Ceremony – January 24, 2015 at 11 a.m. at Heron's Head Park
 - Fisherman's Wharf Community Benefit District – Winner of Best Community Benefit District by the Neighborhood Empowerment Network – January 30, 2015 at 6 p.m. at the City Hall Rotunda
- C. Port Commissioners' Report - Without discussion, at this time Commissioners may make announcements regarding various matters of interest to the Commissioner(s).

10. REAL ESTATE

- A. Informational presentation on the Pilot LBE Retail Opportunity Request for Proposal (RFP) responses for a retail space located at Pier 33 North (33½) on the Embarcadero at the foot of Bay Street to San Francisco small businesses currently working with San Francisco community-based organizations.

11. FINANCE & ADMINISTRATION

- A. Informational presentation on the proposed Memorandum of Agreement (MOA) between the Successor Agency to the San Francisco Redevelopment Agency and the Port Commission regarding termination of the ground leases in the Rincon Point-South Beach Project Area, operation and maintenance of South Beach Harbor, Rincon Park and other improvements, and related financial terms through the December 2016 repayment of the South Beach Harbor Revenue Bonds.
- B. Request approval of a prequalified list of four contractors to provide professional services for an Emergency Preparedness Training Program and authorization to award a contract to one of the prequalified firms, Tetra Tech, to program services for an amount not to exceed \$249,000. (Resolution No. 15-01)

12. PLANNING & DEVELOPMENT

- A. Informational presentation regarding a Special Event in excess of 90-days pursuant to Lease No. L- 14980 and Revocable License No. 15810 to be used as a parklet for public benefit, both activities located on Port property at Terry A. Francois Blvd. and Seawall Lot 337 and both activities to be coterminous with Lease No. L-14980.

B. Informational presentation of the Draft Port Commercial Sign Guidelines.

13. NEW BUSINESS

14. ADJOURNMENT

**FORWARD CALENDAR
(TARGETED COMMISSION MEETING, SUBJECT TO CHANGE)**

FEBRUARY 10, 2015

	FACILITY/POLICY	ITEM	TITLE
1	Portwide	Informational	Presentation on the Port's Load Restricted (Yellow with Green Hatching-Tagged) and Fully Restricted (Red-Tagged) Facilities
2	Portwide	Informational	Presentation on the Port's Five-Year Financial Plan for Fiscal Years 2015-16 through 2019-20
3	Portwide	Informational	Presentation on the Port's supplemental appropriation to the Fiscal Year 2015-16 Operating and Capital Budget
4	Portwide	Informational	Presentation of the Port's 10-Year Capital Plan for FY 2015-2024
5	Portwide	Informational	Presentation by the Mayor's Office of Housing on citywide affordable housing plan
6	Pier 33½	Action	Authorization to award the Request for Proposals (RFP) for a retail space located at Pier 33 North (33½) on the Embarcadero at the foot of Bay Street to San Francisco small businesses currently working with San Francisco community-based organizations
7	South Beach	Action	Approval of the proposed Memorandum of Agreement (MOA) between the Successor Agency to the San Francisco Redevelopment Agency and the Port Commission regarding termination of the ground leases in the Rincon Point-South Beach Project Area, operation and maintenance of South Beach Harbor, Rincon Park and other improvements, and related financial terms through the December 2016 repayment of the South Beach Harbor Revenue Bonds
8	Piers 68 & 70	Action	Approval of Lease No. L-15875 with BAE Systems San Francisco Ship Repair, Inc., a California corporation, located at Piers 68 and 70 and Seawall Lot 349 near 20th and Illinois Street, for approximately 14.4 acres of land improved with 19 buildings, 17.4 acres of submerged land and Port-owned Equipment, including Drydock #2, the Drydock Eureka and the Shoreside Power System (the "Shipyard"), for a term of 20 years with two (2) five (5) year extension options. (This action constitutes the Approval Action for the project for the purposes

			of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code).
9	Pier 38	Action	Approval of Lease No. L-15892 between the Port of San Francisco and TMG Pier 38 Partners, a California Limited Liability company for premise located at Pier 38 in the Central Waterfront on The Embarcadero at Delancey Street with an initial term of 25 years plus two (2) five (5) year extension options granted at the sole discretion of the Port
10	Portwide	Action	Authorization to enter into a contract for Youth Employment Services
11	Portwide	Action	Authorization to accept and expend 2014 Security Grant Funds

FEBRUARY 24, 2015

	FACILITY/POLICY	ITEM	TITLE
1	Portwide	Informational	Presentation on the Port of San Francisco's Report on Contracting Activity for the First and Second Quarters of FY 2014-15 (July 1, 2014 through December 31, 2014)
2	Pier 29	Informational	Presentation on Request for Proposals (RFP) for a Retail Leasing Opportunity at the Pier 29 Bulkhead Building, located at Chestnut Street and The Embarcadero
3	Portwide	Informational	Presentation on Water Taxi Operations at the Port.
4	Portwide	Informational	Presentation on revisions to the Port Building Code regarding all fences requiring Port building permits
5	Portwide	Action	Approval of the Port's supplemental appropriation to the Fiscal Year 2015-16 Operating and Capital Budget
6	Portwide	Action	Approval of the Port's 10-Year Capital Plan for FY 2015-2024
7	Portwide	Action	Recommendations on the Waterfront Land Use Plan Review Report
8	Pier 96	Action	Authorization to advertise and issue a Request for Proposals (RFP) soliciting a developer and operator for a Bulk Export Maritime Terminal Operation at Pier 96

MARCH 10, 2015

	FACILITY/POLICY	ITEM	TITLE
1	Portwide	Action	Approval of revisions to the Port Building Code

			regarding all fences requiring Port building permits
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APRIL 28, 2015

	FACILITY/POLICY	ITEM	TITLE
1	Bayview Gateway	Informational	Presentation on the Bayview Gateway art project, and a proposed MOU between the Port and SFAC for the use of Port property for the Bayview Gateway Art installation

DATE TO BE DETERMINED

	FACILITY/POLICY	ITEM	TITLE
1	Piers 30-32	Informational	Presentation on Piers 30-32 regulatory context, site considerations and Public Trust consistent improvements
2	Portwide	Informational	Presentation on quality of Port's office space portfolio & required improvements
3	Pier 31	Action	Authorization to advertise for competitive bids for Construction Contract No. 2762, Pier 31 Building and Roof Repairs
4	Pier 70	Action	Authorization to advertise for competitive bids for Construction, Crane Cove Park Project Phase 1
5	Pier 94 and 96	Action	Authorization to advertise for competitive bids for Construction, Pier 94-96 Storm Drain and Outfall repairs
6	Loading Dock near Tulare Street	Action	Authorization to advertise for competitive bids for Construction, Copra Crane Refurbishment
7	3rd Street & Cargo Way Triangle and Cargo Way	Action	Authorization to advertise for competitive bids for Construction, Quint Street Lead Improvement Project
8	Pier 35	Action	Authorization to advertise for competitive bids for Construction, Pier 35 Substructure Repairs
9	Pier 31	Action	Authorization to award Construction Contract No. 2762, Pier 31 Building and Roof Repairs
10	Pier 49	Action	Authorization to award Construction Contract No. 2772, Wharf J-1 (Pier 49) Under-Pier Sewer Replacement Project

FEBRUARY 2015

CALENDAR OF UPCOMING PORT MEETINGS – OPEN TO THE PUBLIC

DATE	TIME	GROUP	LOCATION
February 10	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building
February 24	2:00 PM Closed Session	Port Commission	Port Commission Hearing Room at the Ferry Building
	3:15 PM Open Session	Port Commission	Port Commission Hearing Room at the Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the second and fourth Tuesday of the month at 3:15 p.m., unless otherwise noticed. The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com. The Port Commission meetings can be viewed online at http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=92. The Port Commission meetings are also broadcasted on the 2nd & 4th Thursday of the month at 9 p.m. on Comcast Cable Channel 26 or Astound Cable Channel 78 (formerly RCN Cable). Contact Amy Quesada at 274-0406 or amy.quesada@sfport.com

The Fisherman's Wharf Waterfront Advisory Group (FWWAG) meets regularly on a bi-monthly basis, on the third Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Rip Malloy @ 274-0267 or rip.malloy@sfport.com

The Maritime Commerce Advisory Committee (MCAC) meets every other month, on the third Thursday of the month, from 11:30 a.m. to 1:00 p.m. @ Pier 1. Contact Jim Maloney @ 274-0519 or jim.maloney@sfport.com

The Mission Bay Citizens Advisory Committee meets on the second Thursday of the month at 5:00 p.m. in the Creek Room at Mission Creek Senior Building located at 225 Berry Street in San Francisco (along the Promenade just beyond the library.) Contact Catherine Reilly at the former Redevelopment Agency @ 749-2516 or catherine.reilly@sfgov.org

The Northeast Waterfront Advisory Group (NEWAG) meets regularly on a bi-monthly basis on the first Wednesday of the month from 5:00 p.m. to 7:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Jonathan Stern @ 274-0545 or jonathan.stern@sfport.com

The Central Waterfront Advisory Group (CWAG) meets monthly on an as-needed basis, generally on the third Wednesday of the month from 5 to 7 p.m. in the Bayside Conference Room at Pier 1. Contact Mark Paetz @ 705-8674 or mark.paetz@sfport.com

The Southern Waterfront Advisory Committee (SWAC) meets every last Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david.beaupre@sfport.com

The Waterfront Design Advisory Committee (WDAC) meets jointly with the Design Review Board of the Bay Conservation and Development Commission on the first Monday of the month at BCDC, 50 California Street, Rm. 2600, at 6:30 p.m. The Committee meets as needed on the fourth Monday of the month at 6:30 p.m. in the Bayside Conf. Rm. @ Pier 1. Contact Dan Hodapp @ 274-0625 or dan.hodapp@sfport.com

ACCESSIBLE MEETING INFORMATION POLICY

FERRY BUILDING:

The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142. The nearest accessible parking is provided in the following off-street pay lots: 3 spaces in the surface lot on the west side of the Embarcadero at Washington Street.

Hourly and valet parking is available in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa. Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington, Folsom & Drumm Streets.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Disability Accommodations:

To request assistive listening devices, sign language interpreters, readers, large print agendas or other accommodations, please contact Wendy Proctor, Port's ADA Coordinator at (415) 274-0592 or via email at wendy.proctor@sfport.com or Amy Quesada, Commission Secretary, at (415) 274-0405 or via email at amy.quesada@sfport.com at least 72 hours in advance of the hearing. The Port's TTY number is (415) 274-0587.

Language Assistance

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NOTICES

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Sections 67.1 et seq. of the San Francisco Administrative Code)

or to report a violation of the ordinance, contact Chris Ruston by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102-4689; by phone at (415) 554-7724; by fax at (415) 554-7854 or by email at sof@sfgov.org. Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Ruston or by printing Sections 67.1 et seq. of the San Francisco Administrative Code on the Internet, at <http://www.sfgov.org/sunshine>.

Prohibition of Ringing of Sound Producing Devices:

The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic device.

Lobbyist Registration and Reporting Requirements:

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code Sections §2.100 – 2.160) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

CEQA Appeal Rights under Chapter 31 of the San Francisco Administrative Code:

If the Commission approves an action identified by an exemption or negative declaration as the Approval Action (as defined in S.F. Administrative Code Chapter 31, as amended, Board of Supervisors Ordinance Number 161-13), then the CEQA decision prepared in support of that Approval Action is thereafter subject to appeal within the time frame specified in S.F. Administrative Code Section 31.16. Typically, an appeal must be filed within 30 calendar days of the Approval Action. For information on filing an appeal under Chapter 31, contact the Clerk of the Board of Supervisors at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, or call (415) 554-5184. If the Department's Environmental Review Officer has deemed a project to be exempt from further environmental review, an exemption determination has been prepared and can be obtained on-line at <http://sf-planning.org/index.aspx?page=3447>. Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.



MEMORANDUM

January 8, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation on the Pilot LBE Retail Opportunity Request for Proposal (RFP) responses for a retail space located at Pier 33 North (33½) on the Embarcadero at the foot of Bay Street to San Francisco small businesses currently working with San Francisco community-based organizations

DIRECTOR'S RECOMMENDATION: Informational Only

I. EXECUTIVE SUMMARY

In an effort to broaden the diversity among its retail tenants and provide opportunity for Local Business Enterprises ("LBE"), the Port Commission approved Resolution 14-24 on April 22, 2014 for the issuance of a Request For Proposal ("RFP") for a recently renovated ground level space within Pier 33½. The Port through its Director of Real Estate, Susan Reynolds, issued the RFP through an extensive outreach to Community Based Organizations (CBO). This pilot retail opportunity was posted on the Port website and promoted to representatives of the CBOs. The opportunity was also advertised through LBE focused media.

A pre-submittal public meeting was held at the Pier 33½ site on June 5, 2014 and was attended by a dozen or so interested respondents. Several subsequent site visits were made by prospective respondents, contractors and their advisors. On August 11, 2014 all submittals were due and the Port was pleased to receive four qualified, proposals from the following parties:

- Bakeworks, LLC
- Queen's Louisiana Po'-Boy Café, LLC

THIS PRINT COVERS CALENDAR ITEM NO. 10A

- Ortega Inc. dba Bay City Bike Rentals and Tours
- Treasure A Leonard Rogers dba Electric Bicycle Superstore

The above referenced proposals were provided to a selection panel comprised of Andrea Baker and Gwendolen Wright, two small business consultants; Holly Lung, Neighborhood Program Manager for the Mayor's Office of Economic and Workforce Development; Carlos Soloranzo, CEO of the Hispanic Chamber of Commerce; Robert Davis, Port Principal Administrative Analyst assisting the Port with its LBE community outreach and participation; and Jay Edwards, Port Senior Property Manager, Northern Waterfront.

The proposals demonstrated an extensive amount of effort and thought by the respondents. Each of the respondents should be commended for their efforts in assembling detailed submittals for this opportunity. The proposals were comprehensive and included the legal entity, resumes, business plan, tax returns, financial forecasts, references, letters of support and design schematics. The proposals also included detailed performance projections, marketing strategy and implementation plans. With this type of response the Port staff is highly encouraged that this pilot program has a bright future for the Port and the LBE community.

The Port received incredibly valuable feedback from the panel on not only the proposals but how to enhance the RFP process to the LBE community. This included expanding the outreach through social media, incorporating flexibility into the proposed terms and expediting the evaluation process. Port staff will take these recommendations and incorporate them into any future retail LBE opportunities.

In December the Port received the panel scores and the proposals are ranked as follows:

- 1) Queen's Louisiana Po'-Boy Café
- 2) Bay City Bikes Rentals and Tours
- 3) Bakeworks
- 4) Electric Bicycle Superstore

Queen's Louisiana Po'-Boy Café (Queen's) was ranked the highest by each panel member individually and as a group collectively. Not only did their proposal score the highest and receive the most consistent marks, the panel felt Queen's best met the spirit of this pilot LBE opportunity as outlined in the original RFP. The remaining proposals were all very well prepared and hopefully other Port retail opportunities will be available in the near future. Port staff is encouraged that the Pilot LBE Retail Opportunity enlisted such diverse and detailed responses by all the applicants and provided excellent feedback from the outside review panelists.

II. PROJECT OBJECTIVE

The Port wishes to expand opportunities to small local business enterprises and therefore competitively offered this opportunity on a targeted basis to those small businesses currently working with San Francisco community-based organizations that provide technical assistance to Local Business Enterprises (LBE).

Queen's, as the successful Respondent, proposed a retail use that serves the northern waterfront visitors, neighbors and local workforce employees. This opportunity provides a chance for a small business to grow and expand which results in increased revenue, expanded product/goods sales and job creation for local residents.

Port staff recommends that Queen's be awarded this pilot opportunity because their proposal best meets the stated criteria for an LBE and based on the recommendation of the selection panel that (i) the proposal is the most creative use; (ii) the proposal is supported by a strong business plan and financing; and (iii) Queen's is committed to ongoing technical assistance that it receives from its CBO, Bayview Hunter's Point Renaissance Entrepreneurship Center with which it is a client.

III. RESPONDENT QUALIFICATIONS

As described in the RFP, Qualified Respondents had to demonstrate the ability to:

- operate a retail establishment and negotiate a lease and related documents for the retail facility;
- successfully create an establishment that provides the surrounding neighborhood and businesses with affordable, high quality goods and services;
- serve the visiting public and local workers and surrounding residents; and
- provide locally made foods and goods (or other products with demonstrated equivalent benefits) for sale or consumption on-site

The Port defined an LBE for purposes of the RFP as a business:

- whose primary place of business is a fixed address in San Francisco;
- client of a San Francisco non-profit CBO;
- has been in operation for a period of three years or more in San Francisco with a current business license;
- has annual sales less than \$3 million; and
- with 10 employees or less.

IV. EVALUATION PROCESS

Port staff screened all submitted proposals to determine if they were responsive to the RFP and met minimum qualifications. Responsive packages were then submitted to the selection review panel for evaluation.

The proposals were evaluated and scored by a selection review panel as described in the Executive Summary. The panel was made up of three community representatives who have expertise in analyzing business plans and financial statements and are

business consultants and/or small business owners. The selection panel also included three members of City and Port staff (sample scoring sheet attached).

The evaluation included but was not limited to:

- completeness and creativity of the business plan;
- financial strength and history of the Respondent business (tax returns, profit and loss statement, cash flow statement, balance sheet and pro forma, and credit history);
- business plan and pro forma for the proposed use;
- prior experience;
- proposed use of the retail site based on Port's desired use and public serving mission;
- working relationship with a San Francisco CBO whose mission is to assist LBEs with starting and growing small businesses and whose mission is dedicated to job creation; and
- references.

V. SUMMARY OF QUEEN'S LOUISIANA'S PO'-BOY CAFE PROPOSAL

Queen's Louisiana's Po'-Boy Café proposal met or exceeded all of the above selection criteria and scored the highest by each panel member and collectively (see attached scoring summary).

About Queen's

Queen's is owned and managed jointly by husband and wife Troy Reese and Danielle Reed-Reese. The Reese's have owned and successfully operated Queen's restaurant at 3030 San Bruno Avenue in San Francisco for over five years. They are residents of San Francisco and Danielle attended culinary school at San Francisco City College. In their proposal they have assembled a highly qualified team to assist in implementing their expansion including a Tax & Financial consultant, an Architect and respected restaurant & commercial Designer / Concept Developer. Queen's is a client of Renaissance Entrepreneurship Center, a leading Bay Area community based organization which provides advisory services to small businesses and LBE's. Queen's was recently awarded a Certificate of Honor by the Board of Supervisors for District 9, rates 4 out of 5 stars on Yelp reviews and its Po' Boy Oyster sandwich is listed in SF Scoop as one of San Francisco best sandwiches.

In their executive summary portion of the proposal Danielle and Troy share the following vision: *"Queen's Louisiana Po'-Boy Café offers authentic Cajun cuisine. Louisiana is at the heart of our unique culture created by the fusion of African, Native American and European Ancestry. Our menu is packed with over-stuffed sandwiches and dishes that originated in the heart of New Orleans. Our true claim to authenticity is our relationship building in the community. We have created an atmosphere of warmth and southern hospitality with an emphasis on the culture of Louisiana. Since 2009, Queen's*

Louisiana has been resilient and successful because of the sense of community we contribute to on San Bruno Avenue in San Francisco Bayview neighborhood."

The rationale behind its expansion proposal is as follows: *"The opportunity to expand onto Pier 33½ overall means more visibility for our existing restaurant, increased revenue streams and lower barrier to entry for other small businesses. It means that there is a business located in Portola / Bayview neighborhood that is African American-owned and is not simply surviving but thriving. Our Pier 33½ site will give tourists a taste of San Francisco's rich and diverse neighborhoods."*

Business Plan

Queen's prepared an extensive business plan consisting of the following:

- Executive Summary (attached)
- Company Overview and Management Team
- Analysis of Competitors
- Target Market
- Strategy and Implementation of Marketing Plan
- Financial Plan with 5 Year Revenue Forecast, Personnel Plan and Budget
- Forecasted Financial Statements including Balance Sheet / Cash Flow
- Appendix with detailed monthly revenue and expense forecasts

Capital and Initial Operating Budget

Based on the submitted proposals, Queen's budgeted the highest up front capital investment into Port property as follows:

- \$250,000 for building improvements,
- \$100,000 for kitchen improvements,
- \$10,000 for advertising,
- \$10,000 for legal,
- \$130,000 for start-up, payroll and food costs.

Queen's proposal supplied the evidence of capital which includes \$300,000 in cash reserves and a \$500,000 line of credit which is well within the projected capital and initial operating cost budget.

Projected Profit and Loss Statement

In relation to the submitted proposals, Queen's gross sales forecast should result in one of the higher revenue producing opportunities to the Port. Their forecast was supported by a comprehensive marketing plan along with a competitive analysis of the existing restaurants in the neighborhood. Queen's provided a detailed projected Profit and Loss Statement over the term of the lease summarized as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Revenue	\$1,080,000	\$1,134,000	\$1,190,700	\$1,250,235	\$1,312,747
Total Direct Costs	\$324,000	\$340,200	\$357,210	375,210	383,824
Gross Margin	\$756,000	\$793,800	\$833,490	\$875,164	\$918,934
Operating Expenses	\$429,052	\$440,952	\$453,684	\$466,958	\$480,776
Operating Income	\$326,948	\$352,848	\$379,806	\$408,206	\$438,147
Total Expenses	\$857,645	\$890,925	\$926,058	\$962,870	\$1,001,429
Net Profit	\$222,355	\$243,075	\$264,642	\$287,365	\$311,318

Based on the recent Port's Monthly Sales and Rent Report for the four (4) full service restaurants located along this area of the Northern waterfront, the annual sales average is \$641 per square foot. Based on the Pier 33½ premises of 1,942 square feet, this would equate to annual sales of \$1,244,822 which is well within the projections prepared by Queen's.

References

Port staff contacted Queen's references and they received high marks for their diligence, business planning, marketing and delivering high quality products at a reasonable price. Queen's is cited for their outstanding community participation and being a positive addition to the neighborhood. All of this is evidenced by receiving a Certificate of Honor from the Board of Supervisors as District 9's Honoree for Restaurant Appreciation Month in October 2014 (see attached Certificate).

In terms of the evaluation panel's concerns about preparing hot food in the Pier 33½ limited kitchen facilities, the references felt Queen's robust catering experience and menu flexibility would enable them to adapt to any perceived site limitations. Overall they felt their seafood oriented menu was an excellent fit along the waterfront and customers would appreciate the diversity offered by Queen's.

VI. TERMS

The Lease term will be five years. As is the Port's custom for retail properties, rent will be paid as the greater amount of either base rent or percentage rent. The proposed minimum base rent as set in the Port Commission's FY 2013-14 Rental Rate Schedule is as follows:

512 square feet	@ \$2.50 = \$1,280 per month
1,430 square feet	@ \$2.50 = \$3,575 per month
1,942 square feet	@ \$2.50 = \$4,855 per month (total)

OR 7% of gross retail sales, whichever is greater.
The monthly base rent will increase annually by 3%.

The security deposit will equal twice the base rent in the last year of the lease. Tenant will be required to provide evidence of the requisite insurance in the amount and types required by the standard Port lease.

Tenant will be required to comply with all other standard Port lease terms, including Port's right to terminate, audit rights, default and remedy, indemnity, and hazardous materials provisions and all applicable City laws and Port policies.

A possible option period could be considered should the tenant reach successful benchmarks that would be included in the final negotiated lease.

VII. NEXT STEPS

Port staff intends to return to the Port Commission at its February 10, 2015 meeting with a recommendation to award and a request for authorization to execute a lease with Queen's Louisiana Po'-Boy Café LLC. The Port Commission, upon considering the staff recommendation, could then award the lease opportunity to the proposed tenant. If the Port Commission approves, staff will finalize terms and conditions of the lease, consistent with the basic lease information and standard form attached to the RFP and execute a lease with the tenant at Pier 33½.

Prepared by: Jay Edwards
Senior Property Manager

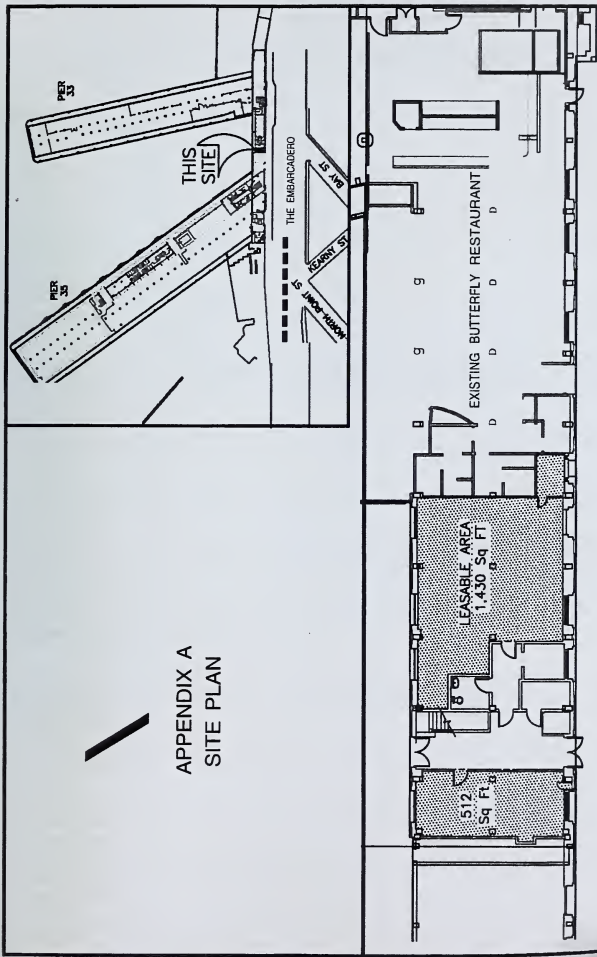
Robert Davis
Principal Administrative Analyst

Prepared for: Susan Reynolds,
Deputy Director Real Estate

Attachments

- 1) Site location map and site plan
- 2) Sample Scoring Sheet and Summary of Panel Scoring
- 3) Queen's RFP Executive Summary
- 4) Certificate of Honor Board of Supervisors
- 5) Certification from Community Based Organization
- 6) Letters of Support

APPENDIX A SITE PLAN



DATE NO.

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
"ENGINEER" - DEPARTMENT OF ENGINEERING

TENANT

PIER 33 1/2
GROUND FLOOR

GRAND FLOOR
DESIGNED BY J. J. JONES
E.S. CODE NO.

DATE JAN 16, 1914
SCALE 1" = 20'

SHEET NO.
OF SHEETS

© 1914 SAN FRANCISCO PORT COMMISSION

**Pier 33 ½ Retail Opportunity
Review Panel Scoring Summary**

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Completeness & Creativity of Plan Score 1-25	20	23	18	22
Financial Strength & History Score 1-20	15	18	15	15
Business Plan & Proposed Use Score 1-20	16	18	18	19
Opportunity to Grow & Expand Score 1-15	10	10	12	15
Total Score (Highest Score)	61	69	63	71

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Completeness & Creativity of Plan Score 1-25	15	12	10	15
Financial Strength & History Score 1-20	6	15	9	15
Business Plan & Proposed Use Score 1-20	12	7	10	10
Opportunity to Grow & Expand Score 1-15	10	10	5	13
Total Score (Highest Score)	43	44	34	53

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Completeness & Creativity of Plan Score 1-25	20	16	10	21
Financial Strength & History Score 1-20	8	15	7	13
Business Plan & Proposed Use Score 1-20	15	10	7	16
Opportunity to Grow & Expand Score 1-15	11	10	10	13
Total Score	54	51	34	63

**Pier 33 ½ Retail Opportunity
Review Panel Scoring Summary**

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Completeness & Creativity of Plan Score 1-25	1	12	10	15
Financial Strength & History Score 1-20	1	10	9	12
Business Plan & Proposed Use Score 1-20	1	5	5	8
Opportunity to Grow & Expand Score 1-15	1	5	8	10
Total Score	4	32	32	45

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Completeness & Creativity of Plan Score 1-25	18	12	10	23
Financial Strength & History Score 1-20	7	16	14	15
Business Plan & Proposed Use Score 1-20	16	11	10	15
Opportunity to Grow & Expand Score 1-15	11	10	11	14
Total Score	52	49	45	67

Category	Bakeworks	Bay City Bicycles	Electric Bike Store	Queen's
Cumulative Scores (Overall Highest Score)	214	245	208	299

SELECTION REVIEW PANEL SCORING SHEET

Name of Respondent Business: _____

Name of Principals: _____

Reviewer: _____

Experience, Qualifications, and Response to Port RFP (90 points)

- A. completeness and creativity of the business plan, experience;
SCORE 1-25 ()
- B. financial strength and history of the Respondent business (tax returns, profit and loss statement, cash flow statement, balance sheet and pro forma, and credit history) ;
SCORE 1-20 ()
- C. business plan and proposed use of the retail site based on Port's desired use and public service mission;
SCORE 1-20 ()
- D. references (Port staff and/or members of the selection panel will contact references); and
SCORE 1-10 ()
- E. this opportunity provides a chance for this small business to grow and expand which results in increased revenue, expanded product/goods sales and job creation.
SCORE 1-15 ()

Oral Interview (10 points)

- F. SCORE (1-10)



Executive Summary

Executive Summary

Queen's Louisiana Po-boy Cafe is an established Cajun and Creole restaurant, in business now for five years running and located in the Portola District of San Francisco. The business is organized as a Limited Liability Company (LLC), managed by its owners Troy and Danielle Reese with 50/50% ownership respectively. Troy and Danielle have a combined total of ten years experience managing small business enterprises. Danielle's love and knowledge of food will make the transition to owning and running a second establishment at Pier 33 1/2 a natural step.

Queen's Louisiana Po-boy Cafe, LLC, aspires a second location at Pier 33 1/2 of San Francisco. The restaurant will feature a full menu of moderately priced "Comfort" food influenced by African, French, Spanish and Native American cooking traditions based upon time honored recipes from Louisiana. The decor of Queen's features an open concept featuring display cooking with a rustic, San Francisco atmosphere.

This business plan offers financial institutions an opportunity to review our vision and strategic focus. It also provides a step-by-step plan for the business start-up, establishing favorable sales growth, gross margin, and profitability.

This plan includes chapters on the company, products and services, market focus, action plans and forecasts, management team, and financial plan.

Objectives

1. The objectives for the first three years of operation include:
 - To create a service-based company whose primary goal is to exceed customer's expectations.
 - To increase the number of client's served by 20% per year through superior service.
 - To develop a sustainable start-up business.
 - To develop enough CASH FLOW to pay all salaries as well as GROW THE BUSINESS.

Who We Are

As business owners, we must address three main areas of concern to achieve the potential for our success.



- **Operations.** Operations include all those functions that are necessary to prepare and serve our products to customers. It includes all those activities that take place every day in the kitchen and dining areas.
- **Financial.** Financial functions deals with safeguarding cash, cost accounting, cash management, cost controls as well as operational and financial reporting.
- **Marketing.** Marketing is getting the word out about the restaurant and positioning ourselves as a positive image in the minds of our customers and the general public. It includes public relations, community involvement, advertising, promotions and projecting the right image.

Our intent is to set realistic business expectations, and eliminate any question about the profitability of this business venture. Entrepreneurs have a tendency to paint the restaurant industry with a very optimistic brush, highlighting strengths and camouflaging the risks. We, as business owners, have a vested stake and financial commitment in the success of this restaurant. Our intent is to have a definitive business, financial, and marketing plan that not only serves our need for capital financing, but is utilized as our daily business roadmap. We have taken all precautions to validate our business and financial models, focusing on realistic projections. We have accomplished this as follows:

1. Our financial model is rooted in industry facts, not optimism. We have based cost on our vast industry and practical experience with similar ventures. We have taken a collective look at all figures to make solid business estimates.
2. Our business concept was derived from detailed Market Analyses. Instead of building a business around a preconceived concept, we analyzed the market findings and built a concept around our consumers. In other words, our business is built to service an unmet consumer "want".
3. Getting a system of checklists, forms and procedures developed quickly reduces disorganization and confusion during the startup of any restaurant. Getting out of the startup phase as quickly as possible after opening is key to achieving personal sanity and profitability.
4. A buffered financial plan that ensures adequate capitalization. A contingency buffer is included in the startup cost to ensure the business is not under financed, as well as giving the business adequate funding to sustain it in the first six months of start-up. Our industry experience confirms a longer ramp-up stage. A common mistake for new entrepreneurs, but fully addressed in the business plan.
5. A solid Risk Mitigation Plan. We have evaluated traditional and nontraditional risks associated with restaurant failure and accounted for them directly in the business plan. Instead of dismissing the risks, we have identified valid mitigation strategies for each.
6. We have met the challenges of expanding our concept. By expanding our concept and having systems in place, we will enhance our ability to get the money and better enable us to manage growth. Growth without a system in place has led to the demise of many good single-unit restaurant companies. We will address this challenge by implementing an organized system for success.



7. Management Experience: Our management team has 20 years of combined business experience.

Keys to Success

The most important key to success is our location. It is very important that our location lives up to our expectations, and is convenient to as many customers as possible. our "Type A - Profile 1" location must contain a minimum of 6,000 customers within a four block radius (or five minute walk time). The pedestrian traffic must be adequate and the lunch habits of the customers must be conducive to eating out.

Another key to this success lies with our ability to execute our plan. If we neglect one or more aspects of our plan, whether it is our numbers, our employees, our cleaning and food standards, or our commitment to customers, we will not succeed and thrive.

What We Sell

Queen's aspires to become a destination for tourist and locals. Our restaurant theme is unique and offers a dining experience that will attract tourist and locals. Queen's combines a Cajun-Creole menu selection, as well as atmosphere and ambiance to create a sense of comfort for our costumers.

Queen's provides every customer with an experience that keeps them coming back for more. We depict a unique dining experience which will offer a combination of Cajun and Creole, as well as, a fusion of California cuisine to great a menu ranging from soups, salads, sandwiches and fresh seafood.

The menu is Queen's pride. It is a culmination of over twenty years of cooking. The menu contains traditional New Orleans favorites such as gumbo, po-boy sandwiches and beignets. These favorites are differentiated through the use of fresh and imported Louisiana ingredients. Everything is fresh, homemade, and prepared daily.

Who We Sell To

Queen's will target locals and tourists who are active restaurant seekers. There will be a special focus on young adults with an \$100K of income looking for good food and a great time. In addition to the young adults with money to spend, Queens will also target adults and tourists known to frequent the Embarcadero. The general demographics are males and females ages 20-50 with some or all of a college education. In addition to local San Francisco area people, Queen's will also serve patrons from neighboring cities and tourists.



Certificate of Honor

BOARD OF SUPERVISORS City and County of San Francisco

The Board of Supervisors of the City and County of San Francisco hereby issues, and authorizes the execution of, this Certificate of Honor in appreciative public recognition of distinction and merit for outstanding service to a significant portion of the people of the City and County of San Francisco by:

Queen's Louisiana Po-Boy Café

The Board of Supervisors of the City and County of San Francisco wishes to congratulate Queen's Louisiana Po-Boy Cafe on being selected as District 9's Honoree for Restaurant Appreciation Month, October 2014. Your delicious dishes, such as authentic Po-Boys and beignets, are a favorite of many in the community and enrich our City with Louisiana Creole culture. Thank you for your community leadership, including your support of local schools and active involvement in Bloodmobile blood drives. We deeply appreciate your contributions to the Portola neighborhood and to our entire City!

Supervisor David Campos

October 21, 2014



Certificate of Review



renaissance
entrepreneurship center

30 years

August 8, 2014

Port of San Francisco
Pier 1 The Embarcadero
San Francisco, CA 94111

Re: Letter of Support - Queen's Louisiana Po'boy Café
Pier 33 ½ Retail Premises

I am pleased to provide this letter of support to Queen's Louisiana Po'boy Café (Queen's Louisiana) for the Pier 33 ½ Request for Proposal issued by the Port of San Francisco. Queen's Louisiana has shown the capacity to grow their business and serve the community in a manner exemplary of small businesses. They are active participants in the Portola Neighborhood Association and work to support other small businesses in the area.

Queen's Louisiana has been a Renaissance Entrepreneurship Center (Renaissance) Client since November 2012 and has received ongoing business support services through our Renaissance Bayview Center. Renaissance brings the power of entrepreneurship to under-resourced individuals, families, and communities, creating sustainable new businesses, new jobs, and promoting financial self-sufficiency. Our programs support small business owners at every stage of development, from pre-start to launch, through growth and sustainability. The organization's cost-efficient service model contracts with highly qualified business consultants who are trained to deliver business advising and training under the supervision of Renaissance staff.

Renaissance is excited about the opportunity to assist Queen's Louisiana in opening at a 2nd location at the Pier 33 ½ site. We are confident that Queen's Louisiana will thrive at this location and provide a cultural dining experience that will serve local residents, workers and the visiting public.

Sincerely,



Marcus Tarrrt
Center Manager





August 10, 2014

Port of San Francisco

RE : Letter of Support
Queen's Louisiana Po-Boy Café expansion into Pier 33 ½

Dear Sirs:

The Bayview Merchants Association (BMA) is pleased to provide this letter of support to the Port of San Francisco to endorse Queen's Louisiana Po-Boy Café's expansion into Pier 33 ½. Since opening in 2009, Queen's Louisiana has been instrumental in the revitalization of San Bruno Ave., located in the southern part of the city.

We believe the expansion of Queen's Louisiana on the Pier will help scale the impact of their presence in the community. More significantly, we believe that their growth will demonstrate a commitment to diversity by the Port, and will allow visitors a greater breadth of food options.

As you know, entrepreneurship as a viable career path, and an effective tool for wealth creation. The BMA is proud to support local businesses like Queen's Louisiana as they grow and expand. We are confident that Queen's Louisiana will not simply survive but thrive in the Pier 33 ½ location.

We hope that you support our community and economic development efforts and consider our neighborhood business, Queen's Louisiana, for this wonderful opportunity.

Sincerely,

Al Norman, President



PORTOLA NEIGHBORHOOD ASSOCIATION

2 Burrows St, San Francisco CA, 94134

August 8, 2014

Port of San Francisco
Pier 1 The Embarcadero
San Francisco, CA 94111

RE: Letter of Support - Queen's Louisiana Po' Boy Cafe

The Portola Neighborhood Association (PNA) is pleased to provide this letter of support to the Port of San Francisco to endorse Queen's Louisiana Po' Boy Café. Since 2009, Queen's Louisiana has served as a model of resiliency for other small and minority owned businesses in the Portola District. In addition, it has been instrumental in the revitalization of San Bruno Ave., one of the most challenged commercial corridors in San Francisco. We believe the expansion of Queen's Louisiana on the Pier will help scale the impact of their presence in our community. More significantly, we believe that their growth will allow residents in the Portola to envision entrepreneurship as a viable career path and an effective tool for wealth creation.

The PNA's mission is to revitalize San Bruno Avenue. By increasing cleanliness, providing support to existing merchants and attracting resources for physical improvements, we are building a more rich and connected Portola community. The PNA also aim to build neighborhood pride through organizing special events and creating new projects in collaborating with other community groups to improve the commercial corridor.

The Portola Neighborhood Association is confident that Queen's Louisiana will not simply survive but thrive in the Pier 33 ½ location. We hope that you support our community and economic development efforts and consider our neighborhood business, Queen's Louisiana, for this wonderful opportunity.

Regards.

Jack Tse
Corridor Manager
Portola Neighborhood Association
P: 415-574-9170
E: jack@portolasf.org



Paramount Distributions, LLC
P. O. Box 883863
San Francisco, CA 94188-368
Tel. 415-401-0073
Contact: Peter Hung, Owner

Zero Cater
115 Stillman St
San Francisco, CA 94107
Contact: Yoshi Murai, Account Manager
Phone: (415) 658-5556

Cater2Me
San Francisco, CA 94134
Contact: Alex Lorton
Phone: 415-343-5160





MEMORANDUM

January 8, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation on the proposed Memorandum of Agreement (MOA) between the Successor Agency to the San Francisco Redevelopment Agency and the Port Commission regarding termination of the ground leases in the Rincon Point-South Beach Project Area, operation and maintenance of South Beach Harbor, Rincon Park and other improvements, and related financial terms through the December 2016 repayment of the South Beach Harbor Revenue Bonds

DIRECTOR'S RECOMMENDATION: Informational Only

Executive Summary

The Successor Agency to the San Francisco Redevelopment Agency (SFRDA), known as the Office of Community Investment and Infrastructure (OCII), and Port staff have negotiated a Memorandum of Agreement (MOA) to transfer SFRDA assets and operations on Port lands in the Rincon Point-South Beach Redevelopment Plan project area to the Port in a manner that is in the best interests of the Public Trust, the Port and the taxing entities.

Consistent with the State mandate to wind down redevelopment agencies and to transfer former agencies' assets, the MOA effectuates early termination of 16 ground leases between the SFRDA and the Port (shown in Exhibit 1), and the reassignment back to the Port of a ground lease that the Port had previously assigned to the SFRDA. The SFRDA's subtenants would become Port tenants and certain rights and obligations regarding the operation and maintenance of South Beach Harbor and Rincon Park

THIS PRINT COVERS CALENDAR ITEM NO. 11A

would transfer to the Port. The Port would assume the SFRDA's unmet public access permit obligations under the San Francisco Bay Conservation and Development Commission (BCDC) permit for the South Beach Harbor project. The Port would assume the California Division of Boating and Waterways (Cal Boating) loans that financed construction of South Beach Harbor. South Beach Harbor is projected to generate sufficient revenues to meet these loan obligations. Further, the pledge of security for the loans will be solely South Beach Harbor revenues. Additionally, the Port is exploring loan restructuring with Cal Boating and reconsideration with BCDC of the outstanding public access permit obligations to avail revenue for current and future Harbor maintenance and capital needs.

The purpose of the MOA is to terminate ground leases between the SFRDA and the Port, to transfer SFRDA assets to the Port, and to establish financial terms through repayment of the South Beach Harbor Revenue Bonds. The proposed MOA is structured so that OCII retains the obligation for the Revenue Bonds that were issued to finance construction of South Beach Harbor, including the obligation to use pledged tax increment revenue from South Beach Harbor to repay the Revenue Bonds. South Beach Harbor revenues would be used to make up the shortfall consistent with the Revenue Bond indenture. Pledged tax increment totaling approximately \$250,000 per year is not sufficient to make debt service payments which total \$1.4 million annually. The MOA will terminate once the Revenue Bonds are repaid in December of 2016.

This informational item provides an opportunity for the Port Commission to review and comment on the proposed terms of the MOA.

Strategic Objective

The proposed MOA is consistent with the original intent of the Redevelopment Plan for the Rincon Point – South Beach project area and the ground leases between the SFRDA and the Port, which provide for the termination of the ground leases and return of the property to the Port after SFRDA's completion of the improvements described in the Redevelopment Plan. The State Legislature adopted Chapter 310 of the California Statutes of 1987 (Chapter 310) to authorize the Port to lease the Rincon Point and South Beach land to the SFRDA for the purpose of implementing the Redevelopment Plan, including the construction of the Delancey Street and Steamboat Point residential projects, two public waterfront parks and a small boat harbor. Chapter 310 recognized the superior financing tools of the SFRDA such as tax increment to construct the improvements. Chapter 310 also provided for the termination of the ground leases and return of the property and improvements to the Port for long term management for the benefit of the Public Trust upon completion of the improvements. The improvements are substantially complete with only the outstanding BCDC public access permit requirements yet to be completed.

South Beach Harbor is a recreational marina and is consistent with the Port's maritime mission. The other retail and park improvements are all consistent with the Public Trust and Chapter 310 specifically authorized the residential uses on the Seawall Lots.

Further, operating and managing these assets are within the Port's skill sets and core functions (the Mayor's Office of Housing will continue to manage the Delancey Street and Steamboat Point residential projects as they have done since the dissolution of the SFRDA). The strategic objective of the Port is to terminate the ground leases and accept the associated obligations without requiring the use of Port funds. The proposed financial terms of the MOA are in the best interest of the Harbor Fund because revenues from South Beach Harbor will repay outstanding South Beach Harbor obligations and will finance capital improvements to meet existing permit requirements and maintain the facility. Likewise, the Delancey Street and Steamboat Point residential projects generate positive cash flow and do not require the use of any Harbor Funds. These funds will be used to maintain Rincon Park when the GPS payments are exhausted, as described below. Further, early termination will allow the Port to more effectively manage South Beach Harbor and the surrounding properties for the benefit of the Public Trust.

Background

The SFRDA was founded in 1948 with the mission to alleviate blight and revitalize deteriorated areas of the City. Operating through designated redevelopment areas, known as project areas, the SFRDA attracted private investment, and leveraged public resources to increase the City's supply of affordable housing, improve public facilities and infrastructure, create jobs and expand the local economy. The SFRDA undertook redevelopment of the Rincon Point – South Beach project area beginning January 5, 1981. To implement the Rincon Point - South Beach project, between 1984 and 2002 the SFRDA entered into 16 ground leases with the Port and developed on the property two waterfront parks, a 700 slip small boat marina harbor, mixed-income housing and retail projects. The ground leases authorized SFRDA to sublease the property. The Port also assigned to the SFRDA a lease that the Port previously entered into with the Ships Clerks Association of the I.L.W.U. for a parcel located within the redevelopment area.

Through a series of State legislative and court actions, the State's redevelopment agencies, including the SFRDA, were dissolved effective February 1, 2012 and their activities, including the eventual wind-down of their operations, were taken over by successor agencies. The successor agency for the SFRDA is called the Office of Community Investment and Infrastructure (OCII).

Since dissolution in February of 2012, OCII and the City have worked to develop a transition plan to wind down SFRDA operations. State Redevelopment Dissolution Law requires successor agencies to dispose of the real property holdings of the former redevelopment agency and to prepare, for state review and approval, a Property Management Plan ("PMP") that describes the method of disposition. OCII's PMP includes the Port assuming responsibility for certain SFRDA assets and operations, including South Beach Harbor and Rincon Park. This proposal provides for early termination of the 16 ground leases which would otherwise expire in 2050 or earlier if the project improvements are complete, and a reassignment of the I.L.W.U. lease to the



Port. The authorizing State legislation (Chapter 310) for the Rincon-Point South Beach project area does require that this early termination be in the best interest of the Public Trust and that the Port obtain the concurrence of the California State Lands Commission if the termination occurs before the improvements are complete. State law further obligates OCII to dispose of SFRDA assets in a manner aimed at maximizing value for the taxing entities. Port and OCII have negotiated the terms of the MOA to protect both the Public Trust and the taxing entities by ensuring that South Beach Harbor generates sufficient revenues to support existing obligations, and future capital requirements. The MOA is consistent with OCII's PMP, which is currently under review by the California Department of Finance.

Property Description

Exhibit 1 is a list of 16 leases that will be terminated and an I.L.W.U. lease which will be reassigned to the Port, including the names of the subtenants, rents and terms. Exhibits 2A and 2B contain maps of the property described below.

South Beach Harbor and Pier 40

There are 10 ground leases which make up South Beach Harbor marina, the Pier 40 complex and related park land. The tenant base at Pier 40 is made up of a number of small maritime related businesses, a bike rental company and Carmen's Restaurant. Most of these tenants are currently on short term or month to month leases and licenses. South Beach Harbor is a full service marina, consisting of 700 slips with concrete docks, a 640' recreational and commercial Guest Dock, Pier 40 Maritime Center and South Beach Park, and includes a lease with the South Beach Yacht Club.

Inland Park Area

Adjacent to South Beach Harbor and north of AT&T Park are 2 parcels, one of which is subject to the lease for the Ship's Clerk's Association Building, which is the administrative office building for the I.L.W.U., that will be reassigned to the Port, and the other is subject to a license between the Port and China Basin Ballpark Company for parking adjacent to the ballpark.

Seawall Lot Leases

There are 4 ground leases that are on Seawall Lots located on the west side of The Embarcadero. These leases are long term leases used by the former SFRDA for the development of the Delancey Street project and a 108 unit affordable housing project known as the Steamboat Point apartments. Adoption of the MOA and termination of the ground leases will not affect the ownership of the improvements constructed, which will remain in the hands of the non-profit developers who sublease the property until the expiration of the development subleases in 2050.



Rincon Park

There is one ground lease for the portion of Port property that makes up most of Rincon Park. An encroachment permit is also in place for a small portion of Herb Caen Way that is also within the park area.

OCII is responsible for management, maintenance and security of the Park, but has contracted with the Port to provide these services. The park contains a large sculpture called Cupid's Span for which GPS Management Services (GPS), an affiliate of the GAP, provides funding for maintenance and repair of the sculpture for 65 years (beginning in 2001) under a letter agreement between the SFRDA and GPS.

South Beach Harbor Outstanding Obligations and Financial Condition

The construction of South Beach Harbor was financed through an issuance of \$23.9 million in Variable Rate Demand Refunding Bonds, 1986 Issue A (Revenue Bonds) and three California Division of Boating and Waterways (Cal Boating) loans totaling \$8 million. There are currently \$3.27 million in Revenue Bonds and \$7.07 million in Cal Boating loans outstanding. The Revenue Bonds will be repaid December 2016. The loans, issued for a 50 year term, mature in 2034, 2035 and 2036. The source of repayment for the Revenue Bonds is net revenues that the SFRDA receives from South Beach Harbor, including tax increment. Repayment for the loans is funded from revenues from South Beach Harbor and is subordinate to repayment of the Revenue Bonds.

At its June 12, 2012 meeting Port staff made an informational presentation to the Port Commission with a proposal for the Port to assume full management responsibility for the SFRDA assets and terminate the 16 ground leases and I.L.W.U. lease reassignment once the parties negotiated terms and conditions that made doing so in the best interest of the Public Trust. At that time, Port staff found that South Beach Harbor required significant subsidy because of (1) an operating budget deficit of approximately \$800,000 per year, (2) long term debt described above, and (3) unmet BCDC permit obligations due December 31, 2017 referred to as "Phase Three Public Access Improvements."

Port staff presented several options for addressing the budget shortfall and sought Port Commission direction. Following Port Commission direction, Port staff worked with OCII staff to develop a package to change the outlook for South Beach Harbor. On February 19, 2013, the OCII Commission approved (i) a general 22% increase in berthing rates to be phased in over a three year period, with future annual increases based on the Consumer Price Index, (ii) the establishment of a \$600 annual fee for boat slip holders who request a second parking space (one parking space would continue to be provided at no charge to slip holders), and (iii) the establishment of an annual fee of \$75 to be charged for those who wish to remain on the Harbor wait list for boat slips. These changes generated the approximately \$800,000 in additional revenue per year needed to close the budget shortfall. Additionally, OCII has worked with the City to apply pledged tax increment to repay the Revenue Bonds in the amount of

approximately \$250,000 annually since 2013. As shown in the **Flow of Funds** section below, Port staff projects a positive 5-year outlook for South Beach Harbor.

Unmet Permit Obligations – Phase Three Public Access Improvements

The current BCDC permit for Pier 40 (issued March 1984) includes provisions for Phase Three Public Access Improvements required for the original construction of South Beach Harbor and for mixed use development within the Pier 40 shed. Phase Three Public Access Improvement requirements include improvements to the south apron for public access which currently is gated, a walk way on the breakwater, and public restrooms in the Pier 40 shed to be completed by December 31, 2017.

The Port directed a conditional assessment and cost estimate of South Beach Harbor and Pier 40, including the cost of unmet BCDC permit obligations. The Port's as-needed engineering consultant, Gerwick/SDE Joint Venture (Gerwick), performed the analysis. Gerwick found a series of required dock repairs, ADA restroom upgrades, structural repairs, and safety recommendations totaling approximately \$14.4 million. This estimate includes design contingency and soft costs. Of this amount, about half, or \$7.2 million, is needed to meet the Phase Three Public Access Improvements requirements. This estimate does not include the cost of dredging. The harbor has not been dredged since construction and boaters are reporting reduced water depth. Dredging the harbor is estimated to cost \$3.5 million.

Port staff has discussed with OCII its ability to address these outstanding permit obligations totaling approximately \$7.2 million. While OCII is obligated to use best efforts to obtain approval from the Board of Supervisors to expend additional funds to discharge any and all of the SFRDA's financial obligations under the South Beach ground leases, OCII's obligation is limited to South Beach Harbor revenues. The Redevelopment Plan's limitation on debt and use of increment was reached in 2007, which means that funding to complete the Phase Three Public Access Improvements is limited to South Beach Harbor revenues such as berthing rental revenues, lease and parking revenues, and fees for service. Securing future tax increment from South Beach Harbor would require the Board of Supervisors and the State to conclude that additional public subsidy is required for South Beach Harbor. Given that South Beach Harbor revenues can support a capital program beginning in 2017 when the Revenue Bonds are repaid, OCII and Port staff do not recommend pursuing additional tax increment for Phase Three Public Access Improvements.

The capital program resources projected to begin in 2017 are not anticipated to be sufficient to pay for the current BCDC permit Phase Three Public Access Improvements in addition to other Harbor capital needs. Port staff anticipates the need to apply for a BCDC permit amendment to revise the use program within the Pier 40 shed, and public access requirements. In working with the South Beach Harbor community during the transition, Port staff sees a unique opportunity to expand facilities for water recreational users as the focus for proposing cost-effective revised public access benefits at Pier 40 in a BCDC permit amendment application.



Terms of the Proposed Memorandum of Agreement (MOA)

The proposed MOA would terminate all 16 Rincon Point and South Beach property ground leases and reassign the I.L.W.U. lease back to the Port. All former SFRDA subleases, which include 13 tenants, would convert to direct leases with the Port.

The Port would:

- (i) Assume responsibility for the Phase Three Public Access Improvements due to be completed by December 31, 2017 to comply with the BCDC permit that was issued in March of 1984 for the original construction of the South Beach Harbor;
- (ii) Request approval from Cal Boating and assume responsibility for three Cal Boating loans with an outstanding balance of \$7.07 million;
- (iii) Transfer South Beach Harbor net revenues to OCII as required to pay the Revenue Bond debt service and salaries and fringe benefits for OCII employees assigned to South Beach Harbor per a proposed labor MOU between OCII and the Port;
- (iv) Assume full responsibility for the South Beach Harbor program, property management for other South Beach properties, and Rincon Park maintenance for the benefit of the Public Trust;
- (v) Own and maintain Cupid's Span and other Rincon Park artwork; and
- (vi) Designate South Beach Harbor as a Special Facility under the Port's Revenue Bond indenture such that South Beach Harbor Revenues will be deposited in a project account and not pledged to Port Revenue bonds.

OCII would:

- (i) Make South Beach Harbor Revenue Bond payments until the Bonds are fully repaid in December of 2016 as follows:
 - a. Apply \$688,000 in funds held by the Revenue Bond trustee for the final debt service payment on the Revenue Bonds (including investment earnings), approximately \$1.1 million of South Beach "fund balance"¹ which OCII has on hand, and South Beach Harbor revenues received from the Port, as described in the **Flow of Funds** section below, to make all required bond debt service payments; and

¹ Fund balance is accumulated South Beach Harbor revenue which OCII maintains.



- b. Obtain from the City approximately \$250,000 per year in tax increment revenues that South Beach Harbor generates, and apply this increment to repayment of the Bonds;
- (ii) Comply with all covenants as well as all other requirements of the bond indenture;
- (iii) Coordinate and cause GPS to enter into a new letter agreement with the Port stipulating that they provide to the Port funding to maintain Cupid's Span on the same terms and conditions that were in effect in the agreement between the SFRDA and GPS; and
- (iv) Collect three remaining payments from the GPS totaling \$300,000 for Rincon Park security and transfer these funds to the Port to provide security for Rincon Park.

The MOA would become effective once the following conditions are satisfied:

1. Approval of the Port Commission, OCCI Commission, Oversight Board to the OCII, and concurrence of the California Department of Finance, and the State Lands Commission,
2. Transfer of the Cal Boating loans from the SFRDA to the Port, with a sole pledge of South Beach Harbor Revenues for repayment,
3. GPS' execution of a new letter agreement related to repair and maintenance of the Cupid's Span sculpture and payment of \$300,000 for outstanding security payments, and
4. Port Commission designation of the South Beach Harbor as a Special Facility under the Port's Revenue Bond indenture.

Flow of Funds and Financial Capacity to Address Capital Needs

Consistent with the SFRDA's Revenue Bond indenture, the MOA requires that until the South Beach Harbor bonds are fully repaid all revenues collected by the Port from the South Beach Harbor be used for expenses of the South Beach Harbor in the following order of priority: (i) to pay for the operating expenses of the South Beach Harbor, including the personnel costs of Port employees assigned to the South Beach Harbor, payment to OCII for the cost of OCII employees assigned to the South Beach Harbor, and funds for a commercially reasonable capital reserve; (ii) to OCII to fund the debt service requirements of the Revenue Bonds after the application of tax increment revenues, South Beach Harbor funds that OCII has on hand, and funds held by the Revenue Bond trustee; and (iii) to make the debt service payments on the Cal Boating loans.



Below is a 5 year revenue and expense projection for South Beach Harbor including Pier 40.

South Beach Harbor Budget and Flow of Funds Port of San Francisco					
	FY 2014-15	FY2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<i>Special Facility Operating Revenues</i>					
Berthing Rental Revenues	3,370,455	3,420,761	3,523,384	3,629,085	3,737,958
Transit Berthing Revenues	354,189	364,815	375,759	387,032	398,643
Tenant Lease Rent Revenues	173,040	178,231	183,578	189,085	194,758
Parking	158,205	162,951	167,839	172,874	178,061
Wait List Fees	42,240	42,240	42,240	42,240	42,240
Miscellaneous Revenues	<u>88,434</u>	<u>90,203</u>	<u>92,909</u>	<u>95,696</u>	<u>98,567</u>
Total Facility Revenues	4,186,563	4,259,201	4,385,709	4,516,012	4,650,227
<i>Special Facility Operating Expenses</i>					
Port of SF Salaries, Overhead and Indirect	(943,950)	(1,113,135)	(1,146,529)	(1,180,925)	(1,216,353)
Other SBH Operating Expenses	(941,153)	(973,651)	(1,007,336)	(1,042,256)	(1,078,459)
* Transfer to Successor Agency	<u>(767,066)</u>	<u>(667,398)</u>	<u>(687,625)</u>	<u>(708,254)</u>	<u>(729,501)</u>
Subtotal	(2,652,169)	(2,754,384)	(2,841,490)	(2,931,435)	(3,024,313)
Funds Available After Operating Expenses	1,534,394	1,504,817	1,544,219	1,584,577	1,625,914
* Transfer to OCII for Debt Service Payment	<u>(540,980)</u>	<u>(540,567)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net After OCII Bond Debt Service Transfer	993,414	964,250	1,544,219	1,584,577	1,625,914
Loan Payment - Cal Boating Loans	<u>(535,955)</u>	<u>(535,955)</u>	<u>(535,955)</u>	<u>(535,955)</u>	<u>(535,955)</u>
Net Remaining Funds for Capital	457,459	428,295	1,008,264	1,048,622	1,089,959

Projected Harbor operating revenues and expenses for FYs 2014-15 and 2015-16 are in line with the latest two year adopted budget. Thereafter, all operating revenues and most operating expenses are projected to grow by an annual rate of 3%. As reflected above, no payments to OCII for Revenue Bond payments will be required after FY 2015-16, as the bonds will be fully repaid in December, 2016, and the final debt service payment will be paid from funds that are being held by the bond trustee for that purpose. The Port will continue to reimburse OCII for the cost of its employees that are assigned to South Beach Harbor so long as the Port opts to contract labor from OCII. With staff resignations and retirements, it is the Port's policy to hire City positions and reduce over time the reliance on contract labor from OCII.

As shown in the five-year outlook, South Beach Harbor begins generating net income in FY 2016-17 of \$1 million. Capital sources of approximately \$1 million annually will allow for a capital program conservatively valued at \$12 million to address Phase Three Public Access Improvements but not all other capital needs. Notably, the Gerwick conditions assessment identified \$14.4 million of needed safety and other

improvements including the Phase Three Public Access Improvements, and dredging the harbor will cost approximately \$3.5 million. The Port will need to work with BCDC and the boaters to develop a capital program that best meets the needs of an aging harbor and the public desire for enhanced access to water recreation. Given the Port's larger capital needs, staff is well equipped to engage in setting priorities with the boaters and BCDC and to implement a capital program for South Beach Harbor in future years.

South Beach Harbor Special Facility Designation

As previously mentioned, South Beach Harbor was partially financed through the issuance of \$23.9 million in Revenue Bonds with South Beach Harbor revenues as security for repayment of the debt. This security pledge remains in place until the bonds are fully repaid. On the other hand, under the terms of the Port's master revenue bond indenture, all Port revenues are pledged to its bondholders as security for the repayment of the Port's revenue bonds (Port Revenue Bonds). The Port's master Revenue Bond indenture, however, permits the Port Commission to designate a facility as a "Special Facility", and to exclude all revenues generated from that facility from the general security pledge of revenues provided to its bondholders. For purposes of the Port's master Revenue Bond indenture, bonds issued for the acquisition and construction of the Special Facility are designated as Special Facility bonds.

Due to the conflict with the security provisions of the South Beach Harbor and Port Revenue Bond indentures, implementation of the MOA and the associated transfer of South Beach Harbor to the Port is conditioned upon the Port Commission formally designating South Beach Harbor as a Special Facility.

In order to qualify as a Special Facility the following tests must be satisfied:

1. The Port is not in default of its outstanding Port Revenue Bond covenants.
2. The projected Special Facility revenues are sufficient to cover all projected expenses related to the Special Facility, including operating expenses and Special Facility bond debt service.
3. Excluding the revenues and expenses associated with the Special Facility, the Port's estimated net revenues coverage will be at or above the required minimum level of 1.30x during each of the next 5 years.

The South Beach Harbor facility does meet all the above tests needed to be designated as a Special Facility for purposes of the Port's master Revenue Bond indenture as shown below:

1. The Port has not been and is not now in default of its Port Revenue Bonds.

2. The projected Special Facility revenues are sufficient to service all of the projected expenses related to the facility as shown by the Flow of Funds table above, and the table showing the sources and uses of South Beach Harbor funds shown below:

Sources and Uses of South Beach Harbor Funds

	Successor Agency (OCII)				
	FY 2014-15	FY2015-16	FY 2016-17	FY 2017-18	FY 2018-19
<i>SBH-Related Funding</i>					
SBH-Related Tax Increment Payments	250,000	250,000	0	0	0
Funds on Hand at Agency (net fund balance) (total = \$1,152,316 at 6/30/14/)	576,158	576,158	0	0	0
Funds on Hand at Bond Trustee			686,813	0	0
Transfer of Operating Funds to OCII - Total	<u>1,308,046</u>	<u>1,208,165</u>	<u>687,625</u>	<u>708,254</u>	<u>729,501</u>
Total SBH-Related Successor Agency Funding	2,134,204	2,034,323	1,374,438	708,254	729,501
<i>SBH-Related Expenses</i>					
Agency Employees Working at SBH (salaries, fringe, overhead & retiree costs)	(767,066)	(667,598)	(687,625)	(708,254)	(729,501)
SBH Bond Debt Service Payment	<u>(1,367,138)</u>	<u>(1,366,725)</u>	<u>(686,813)</u>	<u>0</u>	<u>0</u>
Total SBH-Related Successor Agency Expenses	(2,134,204)	(2,034,323)	(1,374,438)	(708,254)	(729,501)

3. The Port's estimated net revenues coverage will be at or above the required minimum level of 1.30x during each of the next 5 years as shown in the table below which was developed the March 2014 sale and issuance of the Port's 2014 Revenue Bonds.

**Port Revenue Bonds
Projected Debt Service Coverage
For Fiscal Years Ending June 30,
(Amounts in Thousands)**

	2015	2016	2017	2018	2019
Revenue					
Maritime	\$18,032	\$19,159	\$19,933	\$20,365	\$20,829
Real Estate	68,053	71,725	74,872	76,651	78,184
Interest Income*	777	900	1,064	1,228	1,392
Other Revenue*	<u>1,126</u>	<u>1,151</u>	<u>1,177</u>	<u>1,203</u>	<u>1,230</u>
Total Revenues	\$87,988	\$92,935	\$97,046	\$99,447	\$101,635
Operating Expenses					
Operations & Maintenance*	\$66,599	\$68,949	\$70,950	\$73,266	\$75,500
Net Revenue	\$21,389	\$23,986	\$26,096	\$26,181	\$26,135
Debt Service on Bonds	\$4,171	\$4,176	\$4,169	\$4,174	\$4,177
Projected Net Revenue Coverage on Bonds (times)	5.13x	5.74x	6.26x	6.27x	6.26x

* calculated in accordance with the Port's revenue bond indenture

To complete the Special Facility designation process, following the Port Commission's designation of South Beach Harbor as a Special Facility, Port staff will prepare and file

with the Port's Bond Trustee a report demonstrating that the Port has satisfied the three tests described above, along with an opinion of Bond Counsel related to the South Beach Harbor Revenue Bonds issued by the SFRDA.

Other Rincon Point - South Beach Leases

The Port currently earns about \$410,000 annually from the other ground leases in the Rincon Point - South Beach project area. It also receives funds from the OCII to reimburse it for the costs of providing security and maintenance for Rincon Park. In FY 2013-14, the Port received approximately \$186,000 in reimbursement. When the MOA becomes effective, the income generated from these properties will increase to approximately \$701,000; however, the Port will be solely responsible for the approximately \$186,000 that it spends annually on Rincon Park maintenance and security, for a net increase of approximately \$105,000 annually. Additionally, the Port will receive a one-time payment of \$300,000 from OCII that will help to offset some of the Port's Rincon Park expenses over the next couple of years. As described above this amount represents funds due from GPS for park security costs.

Implementation of the MOA with OCII is the Best Interest of the Port and the Public Trust

Port staff believes that it is in the best interest of the Port and the Public Trust to implement the proposed MOA between the Port and OCII, including: (i) the termination of all ground leases and agreements related to the Rincon Point and South Beach Harbor properties described above, (ii) assignment of the lease for the Ships Clerk's Association building from OCII to the Port, (iii) the Port's assumption of the obligation to repay the outstanding balances on the three Cal Boating loans, and (iv) the Port's assumption of the obligations to complete the Phase Three Public Access Improvements required under the BCDC permit issued for the construction of South Beach Harbor. Port staff believes that the benefits to the Port and the Trust outweigh the \$14 million in obligations because these obligations will be met with South Beach Harbor revenues. Further, terminating the leases provides the Port the following benefits:

1. **Improvements Added to the Port** – The transfer of improvements completed by the SFRDA to the Port will be of substantial value to the Port, both in financial and public service terms. The improvements have a recorded value of approximately \$14 million on the SFRDA's balance sheet (excluding Rincon Park and Cupid's Span). This value will be booked on the Port's balance sheet following lease termination.
2. **Potential For Additional Revenue** - The Pier 40 subtenants currently generate about \$173,000 per year in rental income. Many of the subleases, however, have expired and the subtenants are currently on month-to-month holdover status. Implementing the MOA will give the Port direct control over these subleases, thereby allowing the Port to negotiate new leases with these tenants, and bring the

rents up to current market rates. Such action will increase the revenues earned from this facility. Additionally, Carmen's Restaurant, a Pier 40 tenant, is in bankruptcy and generating minimal rent for OCII. Gaining control of the sublease would permit Port staff to exercise the right to terminate the lease and put the space out to bid.

3. More Effective Management of the Area - The termination of the OCII ground leases will allow the Port to have direct and complete control over the Port lands in the Rincon Point - South Beach project area, including South Beach Harbor. This control will permit the Port to manage more effectively the area for the benefit of the public.

Next Steps

Port staff intends to return to the Port Commission in February 2015 to seek approval of the proposed MOA. Port staff also intends to request that the Port Commission (i) designate South Beach Harbor as a Special Facility under the terms of the Port's master Revenue Bond indenture, (ii) authorize Port staff to seek approval from Cal Boating for the Port to assume the three Cal Boating loans, and (iii) authorize Port staff to seek concurrence from the State Lands Commission that the termination of the ground leases is in the best interests of the Public Trust.

Port staff will also work with OCII staff to obtain approval of the MOA from the OCII Commission, the Oversight Board and the California Department of Finance, and secure from GPS Management Services or an affiliate the unpaid amounts owed for security of Rincon Park, and an executed letter agreement committing to the continued funding of the maintenance of the Cupid's Span sculpture.

Prepared by: Lawrence Brown, Financial Analyst
Finance and Administration Division

Elaine Forbes, Deputy Director
Finance and Administration Division

Exhibit 1: List of Ground Leases, Rincon Point Subtenant, Rent and Term
Exhibit 2: Map of Rincon Point-South Beach Property
Exhibit 3: Draft MOA



Exhibit 1**Rincon Point - South Beach Redevelopment Area Leases****South Beach Property Leases***South Beach Harbor and Pier 40*

<u>Lease Number</u>	<u>Sub-Area</u>	<u>Subtenant</u>	<u>Sub-Lease No.</u>	<u>Sub Lease Annual Rent</u>	<u>Sub Lease Expiration</u>	<u>Primary Lease Expiration</u>
L-11694	N-1C	Carmen's Restaurant	L-15144		4/6/2013	9/25/2050
L-11183	N-1A	Bike Hut	L-15129	\$4,092	1/15/2012	9/25/2050
L-11595	N-1B	America True	L-15751	\$160	mtm	9/25/2050
		Bay Area Cellular Telephone Co.	L-15092	\$50,115	3/31/2015	
		Cal Marine Electronics	L-15095	\$8,009	mtm	
		City Kayak	L-15098	\$9,777	5/8/2014	
		North Beach Marine Canvas	L-15096	\$10,573	2/28/1999	
		South Beach Riggers	L-15094	\$5,883	9/30/1996	
		Spinnaker Sailing	L-15097	\$13,843	4/16/1996	
		Westwind Precision	L-15093	\$6,144	11/8/2009	
L-15250	S-3			\$0	9/25/2050	9/25/2050
L-10892	N-2	South Beach Yacht Club	L-15128	\$61,511	11/15/2015	9/25/2050
L-15244	N-2					9/25/2050
L-11110	S-2					9/25/2050
L-10891	S-1			\$0		9/25/2050
L-15246	S-6			\$0		9/25/2050
L-15245	M-5			\$0		9/26/2050

Inland Park Area

L-12079	M-3, M-4A, S-1D & S-5					9/26/2050
L-7721	M-4B	Ships Clerks Association - Lease Assigned to the Sucessor Agency		\$35,756		12/1/2035

SWL Leases

L-11426	K-1	Steamboat Point Apartments	L-15151	\$107,316	6/30/2050	9/25/2050
L-11639	K-2	Steamboat Point Apartments	L-15151	--	6/30/2050	9/25/2050
L-11337	J	Delancey Street		\$530,930	9/26/2050	9/26/2050
L-11409	S-4			\$0	9/25/2050	9/25/2050

Rincon Point Leases

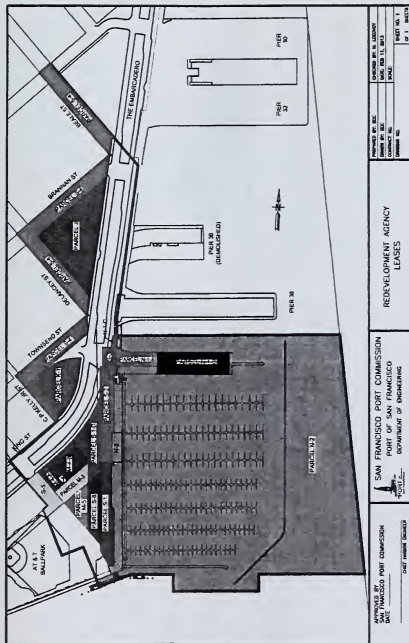
Rincon Park						
L-15221				\$0		8/31/2066

mtm = month to month



EXHIBIT 2A

Map of Leased Land (Port Leases - South Beach)



Legend:

Sub-areas	Leases
J	L-11337
K-1	L-11426
K-2	L-11639
M-3, M-4A, S-1D, S-5	L-12079
M-4B	L-7721

Sub-areas	Leases
M-5	L-15245
N-1A	L-11183
N-1B	L-11595
N-1C	L-11694
N-2	L-10892

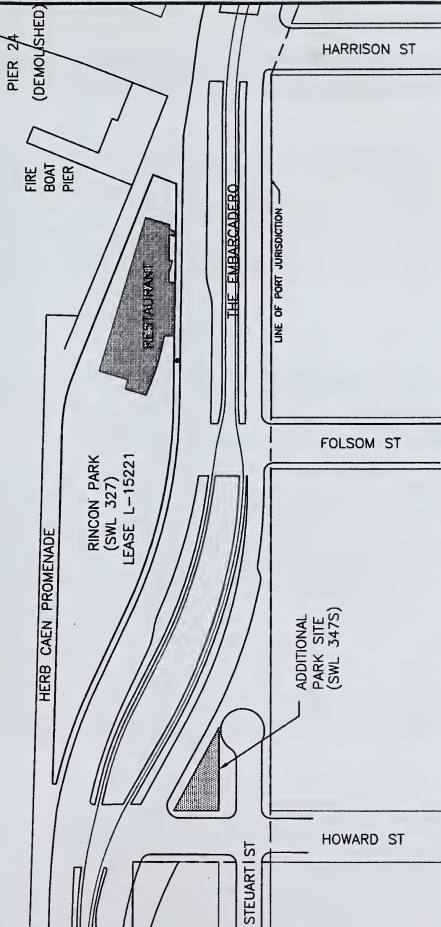
Sub-areas	Leases
S-1	L-15245
S-2	L-11110
S-3	L-15250
S-4	L-11409
S-6	L-15246

Sub-areas	Leases
S-1	L-10891
S-2	L-11110
S-3	L-15250
S-4	L-11409
S-6	L-15246



EXHIBIT 2B

Map of Leased Land (Port Leases - Rincon Point)



SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

REDEVELOPMENT
AGENCY

DRAWN BY: EDC
CHECKED BY: L. BROWN
DATE: JAN. 8, 2015
SCALE: 1"=100'

PLACE CODE NO.
3270-00

SHEET NO.
OF SHEETS

**MEMORANDUM OF AGREEMENT REGARDING TERMINATION OF LEASES
RELATING TO SOUTH BEACH PROPERTY AND RINCON PARK**

THIS MEMORANDUM OF AGREEMENT REGARDING TERMINATION OF LEASES RELATING TO SOUTH BEACH PROPERTY AND RINCON PARK (this "Agreement") is made and entered into as of the day of , 2014, by and between the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California (the "Successor Agency"), also known as the Office of Community Investment and Infrastructure, and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (the "City"), acting by and through the San Francisco Port Commission (the "Port").

RECITALS

A. In accordance with the California Community Redevelopment Law, California Health and Safety Code section 33000 et. seq., the City created the Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Agency") and approved redevelopment plans to alleviate blight in various parts of the City. For more than 60 years, the Redevelopment Agency was engaged in state-authorized activities to implement those plans.

B. The Redevelopment Agency played a critical role in alleviating physical and economic blight in disadvantaged neighborhoods in San Francisco by attracting private investment and leveraging public resources to increase the City's supply of affordable housing, improve public facilities and infrastructure, create jobs and expand the local economy.

C. The Board of Supervisors of the City and County of San Francisco ("Board of Supervisors") originally approved the Redevelopment Plan for the Rincon Point – South Beach Project Area ("Original Redevelopment Plan") by adopting Ordinance No. 14-81 on January 5, 1981. Since then, the Board of Supervisors has amended the Original Redevelopment Plan ten times. (The Original Redevelopment Plan, as so amended, is referred to herein as the "Redevelopment Plan.") The objectives of the Redevelopment Plan broadly include, among other things, providing for the creation of two major waterfront parks, a small boat harbor, restoration and adaptive re-use of certain structures, mixed-income housing, a major league ballpark, and other redevelopment consistent with the standards and guidelines contained in the document entitled Design for Development Rincon Point – South Beach Redevelopment Project ("Design for Development"). The Design for Development establishes zoning and land use standards for new construction and the rehabilitation of buildings in the area covered by the Redevelopment Plan.

D. The City, through its Port, owns and holds in trust certain waterfront real property pursuant to Chapter 1333 of the California Statutes of 1968, as amended (the "Burton Act"), and that certain agreement dated January 24, 1969, between the State of California and the City, with respect to the transfer in trust to the City of the lands described and referred to in the Burton Act. Under this public trust, the Port owns and controls certain waterfront real property, which may be either tidal and submerged lands or areas that were formerly tidal or submerged lands, for the purpose of protecting the public's interest in commerce, navigation, and fisheries ("Public Trust"). Section B3.581 of the San Francisco Charter empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction (collectively, the "Port Lands").

E. In 1987, the California Legislature authorized the City to lease certain Port Lands, subject to the Burton Act, to the Redevelopment Agency for the purpose of implementing the Redevelopment Plan. Chapter 310 of the California Statutes of 1987 ("Chapter 310").

F. Between 1984 and 2002, the Port and the Redevelopment Agency entered into 15 ground leases identified on Exhibit A, attached hereto (collectively, the "South Beach Leases") for certain Port Lands depicted on Exhibit B, attached hereto (the "South Beach Property"). The various South Beach Leases contain similar terms and conditions providing for, among other things, an effective and economically feasible mechanism for the Redevelopment Agency to improve the South Beach Property through subleases by which third party subtenants would develop or rehabilitate particular sites ("Development Subleases"). The South Beach Leases also authorize subleases by which third party subtenants have the right to occupy certain Port property, but do not have an obligation under the subleases to develop it ("Occupancy Subleases"). The South Beach Leases have terms expiring in 2050 or providing for earlier termination under certain circumstances, including where improvements are complete. *See e.g.* Lease L-10892, Section 3 (a) (ii) (Dec. 7, 1984) ("The Agency shall terminate this Lease . . . once it has completed all of its development in the Rincon Point/ South Beach Redevelopment Project Area and has determined that such development will be satisfactorily maintained in the absence of its continued involvement.") Significantly, the South Beach Leases limit the financial obligations of the Redevelopment Agency to revenues that it receives from the Rincon Point-South Beach Project Area ("Project Area"); however, the Redevelopment Agency is obligated to use best efforts to obtain approval from the City's Board of Supervisors to expend additional funds to discharge any and all of the Redevelopment Agency's financial obligations under the South Beach Leases if the revenues from the Project Area are insufficient.

G. Chapter 310 requires the Redevelopment Agency, not later than the date of completion of the last of the improvements that are proposed by the Rincon Point-South Beach Redevelopment Project, to offer to terminate the South Beach Leases and further requires the Port to accept the termination unless to do so would not be in the best interests of the Public Trust. Chapter 310 also provides that the Redevelopment Agency may terminate the South Beach Leases prior to completion of these improvements if the Port first obtains the concurrence of the California State Lands Commission that the termination is in the best interest of the Public Trust in furtherance of which the Port Lands were granted to the City. Chapter 310 broadly refers to the Rincon Point-South Beach Redevelopment Project improvements as including "a 683-berth marina and harbor complex, two major shoreline parks, and transportation improvements to the Embarcadero and other streets" and certain "housing and commercial development" and refers to the "superior financing methods" of the Redevelopment Agency to complete these improvements.

H. In 1984, the San Francisco Bay Conservation and Development Commission ("BCDC") initially approved a permit authorizing the use of, and certain improvements to, areas covered by the South Beach Leases. Subsequently, the permit was amended seventeen times; the most recent amendment occurred in 2008. Amendment No. 17 to BCDC Permit 2-84 (November 5, 2008) ("BCDC Permit"). The Redevelopment Agency and the Port are co-permittees to the BCDC Permit, which currently requires "Phase Three Public Access Improvements" to be completed by December 31, 2017. The South Beach Leases require the Redevelopment Agency, at its sole cost and expense, to comply with all legal requirements, including any direction or occupancy certificate issued pursuant to any public officer or officers insofar as they relate to or affect the condition, use or occupancy of the leased premises; provided, however, that the Agency obligations were subject to the limitation, described in Recital F above, "that notwithstanding any provision of [the South Beach] Lease[s] to the contrary, all financial obligations of the Agency under [the] Lease[s] . . . shall be limited to

revenues which the Agency derives from the Rincon Point-South Beach Redevelopment Project Area."

I. In connection with the development of the small boat harbor (the "South Beach Harbor Project"), the Redevelopment Agency issued Redevelopment Agency of the City and County of San Francisco/Variable Rate Demand Refunding Bonds, 1986 Issue A (South Beach Harbor Project) (the "Bonds") in the aggregate amount of \$23,900,000. The maturity date of the Bonds is December 1, 2016 and the annual debt service payment on the Bonds is approximately \$1,378,000 per year (each, a "Bond Debt Service Payment"). Under the Bond's Indenture of Trust dated December 1, 1986 ("Bond Indenture"), the Bonds are a special obligation of the Redevelopment Agency secured only by Net Revenues (as defined in the Bond Indenture) that the Redevelopment Agency receives from the South Beach Harbor Project. Net Revenues include tax increment from the South Beach Harbor Project and all income and receipts derived by the Redevelopment Agency from the operation of the South Beach Harbor Project after payment of Operating Expenses (as defined in the Bond Indenture). The Redevelopment Agency established a dedicated bank account with Wells Fargo (#4121853444) to receive South Beach Harbor deposits and revenues and to pay operating expenses ("SBH Bank Account)."

J. The Redevelopment Agency and the City also financed development of the South Beach Harbor Project with construction loans in the aggregate amount of \$8,000,000 (collectively, the "Cal Boating Loans") from the California State Parks Division of Boating and Waterways (formerly the California Department of Boating and Waterways) ("Cal Boating") pursuant to the Small Craft Harbor Construction Loan and Operation Contract dated July 23, 1983, between the Redevelopment Agency and Cal Boating (as amended from time to time, the "Cal Boating Agreements"). The Cal Boating Loans define the borrower to include both the Redevelopment Agency and the City and provides, among other things, for changes in the ownership or control of the harbor with advance written approval from Cal Boating. Repayment of the Cal Boating Loans is secured by revenues from the harbor and is subordinate to repayment of the Bonds. Tax increment is not to be used for repayment except in cases of repayment default. The Cal Boating Loans currently require payments of approximately \$536,000 a year. Payment of principal and interest on the Cal Boating Loans is made in scheduled annual installments with the final installment due on August 1, 2036.

K. Pursuant to Lease L-7721 dated as of December 1, 1970 (as amended, the "Ship Clerks Lease"), the Port leased a portion of the South Beach Property to the Ship Clerks Association, I.L.W.U., Local 34. The Port assigned the Ship Clerks Lease to the Redevelopment Agency pursuant to an Assignment and Assumption Agreement dated as of December 20, 1994.

L. The Port Lands also include certain real property depicted on Exhibit C, attached hereto (the "Rincon Park Property"), which is included in the Rincon Point sub-area of the Redevelopment Plan. The Port ground leases the Rincon Park Property to the Redevelopment Agency under Lease Agreement L-15221 dated September 7, 2001 (the "Rincon Park Lease"). The Rincon Park Property has been improved with a public park known as "Rincon Park."

M. Rincon Park also encompasses a small portion of Herb Caen Way (the "Encroachment Area"), which is subject to a Revocable Encroachment Permit (the "Encroachment Permit") between the Redevelopment Agency and the Port dated September 7, 2001. The Encroachment Area and several Street Lamps located along a portion of Herb Caen Way are required to be maintained by the Redevelopment Agency pursuant to the Encroachment Permit and the Rincon Park Street Lamps Agreement between the Redevelopment Agency and the Port dated September 7, 2001. The Redevelopment Agency also is required to provide security and landscaping maintenance for the area of Rincon Park immediately surrounding the public restroom pursuant to the Rincon Park Public Restroom Security Agreement between the Redevelopment Agency and the Port dated September 7, 2001.

N. Rincon Park displays sculptured artwork created by Claes Oldenburg and Coosje Van Bruggen known as "Cupid's Span" (the "Sculpture"). D&DF Foundation, a charitable trust (the "Foundation"), granted the Sculpture to the Redevelopment Agency and installed the Sculpture at Rincon Park in accordance with the Grant Agreement dated September 4, 2001, between the Foundation and the Redevelopment Agency. Under the Grant Agreement, the Redevelopment Agency may transfer ownership of the Sculpture to any other agency of the State of California or the City contemporaneously with a transfer of the Rincon Park Property, provided that such transfer is subject to the terms of the Grant Agreement. The Sculpture is required to be maintained by the Redevelopment Agency pursuant to a Letter Agreement between GPS Management Services, Inc. ("GPS") and the Redevelopment Agency dated September 7, 2001, which provides for GPS' funding of maintenance and repair of the Sculpture for the initial 65 year term of the Rincon Park Lease (the "Letter Agreement").

O. The Port maintains and manages Rincon Park, including the Encroachment Area, the Street Lamps and the Sculpture, pursuant to the Rincon Park Maintenance and Management Agreement (the "Rincon Park Management Agreement") dated as of January 2, 2003, between the Redevelopment Agency and the Port. The Rincon Park Lease, the Rincon Park Management Agreement, the Encroachment Permit, the Rincon Park Street Lamps Agreement, and the Rincon Park Public Restroom Security Agreement are collectively referred to in this Agreement as the "Rincon Park Agreements."

P. By 2007, the Redevelopment Agency had substantially achieved the objectives of the Redevelopment Plan, including completion of major public and private improvements by investing millions of dollars of tax increment and other revenues and approving new development in the Project Area. Significantly, it had also reached the Redevelopment Plan's limitations on the amount of debt that it could incur (\$100,000,000) and the amount of total tax increment revenues that it could receive cumulatively over the life of the Redevelopment Plan for redevelopment activities (\$230,000,000). See Ordinance No. 115-07, Section 1. a. & b. (May 18, 2007). Among the substantially completed improvements for the South Beach Harbor Project were the small boat harbor consisting of approximately 700 berths and incidental facilities in the South Beach Sub-Area where Piers 42, 44 and 46A had been located.

Q. As a result of the substantial completion of the Project Area and the tax increment limitations described in Recital P above, the Board of Supervisors limited, by Ordinance No. 115-07 (May 18, 2007), the Redevelopment Agency's use of additional tax increment revenue from the Project Area to financing its unfulfilled Affordable Housing Obligations under Community Redevelopment Law and paying preexisting indebtedness.

R. Certain land use and zoning standards in the Design for Development applicable to new development proposals were not implemented because of a lack of public funding or private investment. In particular, the Urban Design Guidelines of the Design for Development required that if and when Pier 40 was developed the new development should "[p]rovide continuous peripheral public access along the water sides of Pier 40, including sitting and fishing areas except for portions of the pier which may remain in ship repair use and related activities, where such public access might conflict. A prominent sitting area should be located at the eastern end of the pier." Design for Development, Section IV. B. at p. 9. The Urban Design Guidelines of the Design for Development, however, did not impose an affirmative obligation on the Redevelopment Agency to complete the Pier 40 Improvements in the absence of development proposals for Pier 40.

S. Under Assembly Bill No. X1 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, No. S194861, all redevelopment agencies in the State, including the Redevelopment Agency, were dissolved by operation of law as of February

1, 2012. The redevelopment agencies' non-affordable housing assets and obligations and certain retained housing obligations were transferred to certain designated successor agencies. AB 26 charged the successor agencies with satisfying enforceable obligations of the former redevelopment agencies, preserving their assets for the benefit of taxing entities and winding up their affairs, under the supervision of a new oversight board and review by the State Department of Finance and State Controller. AB 26 defined enforceable obligations to include, among other things, bonds and legally binding and enforceable agreements that were entered into prior to June 28, 2011.

T. Under the original terms of AB 26, the City became the successor agency. But in June 2012, the California Legislature adopted legislation amending AB 26 known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("AB 1484"), and on June 27, 2013 the Governor signed that bill, which went into effect immediately. AB 26 and AB 1484 are primarily codified in Part 1.8 (commencing with Section 34161 of the Health and Safety Code) and Part 1.85 (commencing with Section 34170 of the Health and Safety Code), as amended from time to time, and are collectively referred to in this Agreement as the "Redevelopment Dissolution Law." While the City, as the sponsoring community, was the successor agency under AB 26, AB 1484 changed that definition of successor agency and provided, among other things, that successor agencies are separate public entities from the public agencies that provide for their governance and the two entities shall not merge and that the liabilities of the former redevelopment agencies shall not be transferred to the sponsoring entities and the (non-housing) assets shall not become assets of the sponsoring entities, but shall become the liabilities and assets of the successor agency.

U. The City implemented AB 1484 in Board of Supervisors Ordinance No. 215-12, which, among other things, provides that the Successor Agency shall act in the place of the former Commission of the dissolved Redevelopment Agency to implement, modify, enforce and complete the surviving redevelopment projects, approve contracts and actions related to the Successor Agency's assets, and take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency deems appropriate with the Redevelopment Dissolution Law to comply with such obligations.

V. By operation of law under AB 1484 and as provided in Ordinance No. 215-12, the Successor Agency is now the successor agency to the former Redevelopment Agency and is distinct from the City, including its Port, but is still subject to the governance of the City acting through its legislative capacity.

W. Under AB 1484, a successor agency, as directed by its oversight board, has the obligation to dispose of assets and properties of the former redevelopment agency expeditiously and in a manner aimed at maximizing value for the taxing entities; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of assets pursuant to existing enforceable obligations relating to the construction or use of the asset. On November 25, 2013, the Oversight Board for the City and County of San Francisco approved a long range property management plan ("PMP") for the Successor Agency that calls for the termination of the South Beach Leases and the Rincon Park Lease under the terms of Chapter 310 and the leases themselves because the Rincon Point – South Beach Redevelopment Project is substantially complete with the exception of repaying the Bonds and providing the public access improvements required under the BCDC Permit. Oversight Board Resolution No. 12-2013, Exhibit A, Tab 5D. Both Chapter 310 and the South Beach Leases are enforceable obligations under Cal. Health & Safety Code § 34171 (d) (1).

X. In addition, AB 1484 provides for the transfer of assets for governmental use. Cal. Health & Safety Code § 34191.3. The South Beach Leases and the related improvements constructed on the South Beach Property are assets constructed and used for a governmental

purpose because they fulfill the Public Trust as required under Chapter 310 and provide public improvements, such as a park, walkways, streets, and access to the San Francisco Bay. The Rincon Park Agreements and the related improvements constructed on the Rincon Park Property are also assets constructed and used for a governmental purpose because they provide open space, artwork, and infrastructure dedicated for public access and benefit.

Y. On July 1, 2012, the Port commenced operating and managing the South Beach Property and the Rincon Park Property on behalf of the Successor Agency. Consistent with Chapter 310, the South Beach Leases and the Redevelopment Dissolution Law, the parties now desire to terminate the South Beach Leases for all of the South Beach Property including the South Beach Harbor Project. The parties also desire to terminate the Rincon Park Agreements on the terms described in this Agreement. The Successor Agency has determined that the last of the improvements proposed by the Redevelopment Plan are substantially complete with the exception of repaying the Bonds and providing the public access improvements required under the BCDC Permit, and the Port has determined that termination of the South Beach Leases and the Rincon Park Agreements prior to full completion is in the best interest of the Public Trust.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Successor Agency and the Port agree as follows:

1. **EFFECTIVE DATE.** The Effective Date of this Agreement and the parties' rights and obligations hereunder shall be the latest of (a) the date on which this Agreement is approved by the Oversight Board, if the California Department of Finance ("DOF") does not request to review this Agreement within the five-day statutory review period provided under the Redevelopment Dissolution Law, (b) the date on which this Agreement is approved by DOF if DOF does request to review this Agreement within the five-day statutory review period provided under the Redevelopment Dissolution Law, (c) the date on which this Agreement is approved by the Port Commission, or (d) the date on which all of the Closing Conditions described in Section 10 below have been satisfied or mutually waived in writing by the Port and the Successor Agency. This Agreement shall terminate on the earlier of June 30, 2017 or the date the Bonds are paid in full, subject to any rights and obligations that specifically survive the termination under the terms of this Agreement.

2. SOUTH BEACH PROPERTY.

2.1. Termination of South Beach Leases. On the Effective Date, all of the South Beach Leases are hereby terminated, neither the Successor Agency nor the Port shall have any rights or obligations under the South Beach Leases other than any rights or obligations that specifically survive termination under the terms of the South Beach Leases. The Port acknowledges that the Successor Agency has entered into Development Subleases and Occupancy Leases for portions of the premises subject to the South Beach Leases as described on Exhibit D, attached hereto. As provided in the South Beach Leases, the Development Subleases and the Occupancy Leases, the termination of South Beach Leases shall not result in a termination of the Development Subleases or the Occupancy Leases, and the subtenants under the Development Subleases and the Occupancy Leases shall attach to the Port and their subtenancies shall continue as direct leases between the Port and the subtenants identified in the Development Subleases and the Occupancy Leases.

2.2. Transfer of SBH Account. Immediately following the Effective Date of this Agreement, the Successor Agency shall cooperate to transfer any remaining balance in the SBH Bank Account to a City account designated by the City Controller or Treasurer controlled by the Port for the benefit of the South Beach Harbor Project.

2.3. Assignment of Ship Clerks Lease. As of the Effective Date, the Successor Agency hereby assigns to the Port all of its right, title and interest in and to the Ship Clerks

Lease. From and after the Effective Date, the Successor Agency shall not have any rights or obligations under the Ship Clerks Lease other than any rights or obligations arising prior to the Effective Date.

2.4. BCDC Permit. As of the Effective Date, the Successor Agency shall not have any obligation to complete the Phase Three Public Access Improvements required under the BCDC Permit, and the Port shall assume such obligation.

3. RINCON PARK AGREEMENTS.

3.1. Termination of Rincon Park Agreements. As of the Effective Date, the Rincon Park Agreements are hereby terminated. From and after the Effective Date, neither the Successor Agency nor the Port shall have any rights or obligations under the Rincon Park Agreements other than any rights or obligations that specifically survive termination under the terms of the Rincon Park Agreements. Full jurisdiction over the Rincon Park Property, including Rincon Park, shall revert to the Port as of the Effective Date and the Port shall be responsible for the operation and management of such property.

3.2. Rincon Park Artwork. Works of art, including the Sculpture and other sculptures, bas-relief, murals, mosaics, decorative water features, tapestries or other artworks (collectively, "Artwork"), have been placed on the Rincon Park Property. Notwithstanding the terms of Section 12.2 of the Rincon Park Lease, the Successor Agency shall not have any right to remove any of the Artwork (including the Sculpture) from the Rincon Park Property and the Successor Agency shall quitclaim all of its right, title and interest in the Artwork (including the Sculpture) to the Port subject to Section 4 of the Grant Agreement and in accordance with Section 4 below.

3.3. Maintenance of the Sculpture. The Sculpture is required to be maintained by the Redevelopment Agency pursuant to the Letter Agreement between GPS and the Redevelopment Agency described in Recital N above, which provides for GPS' funding of maintenance and repair of the Sculpture for the initial 65 year term of the Rincon Park Lease. As part of the Redevelopment Agency's February 29, 2000 approval of the basic concept and schematic design for Rincon Park, the Redevelopment Agency required The Gap, or its assignee GPS, to execute a letter to the Redevelopment Agency describing The Gap's maintenance and repair obligations for the Sculpture during the 65-year term of the Rincon Park Lease. As part of the termination of the Rincon Park Lease, the Letter Agreement will also terminate. As a Closing Condition under Section 10 below, the Successor Agency will have GPS execute an identical letter agreement addressed to the Port confirming GPS' maintenance and repair obligations until ~~xx~~, 20xx.

3.4. Rincon Park Security. Under the Disposition and Development Agreement (as amended, the "Gap DDA") dated January 10, 1995 between GPS, as successor-in-interest to The Gap, Inc., and the Redevelopment Agency, GPS agreed to provide the Redevelopment Agency with One Hundred Thousand Dollars (\$100,000.00) per year (each, an "Annual Security Payment") for ten (10) years to fund the Redevelopment Agency's security obligations at Rincon Park, which the Port performs on behalf of the Redevelopment Agency in accordance with the Maintenance and Management Agreement. As a Closing Condition under Section 10 below, the Successor Agency will transfer the three (3) remaining Annual Security Payments to the Port.

4. QUITCLAIM; ASSIGNMENT AND ASSUMPTION AGREEMENT. Concurrently herewith, the Successor Agency shall deliver to the Port a duly executed and acknowledged (i) Quitclaim Deed in substantially the form attached hereto as Exhibit E, quitclaiming all of its right, title and interest in the South Beach Leases, the Rincon Park Agreements, the South Beach Property and the Rincon Park Property, including all improvements constructed on the

South Beach Property and the Rincon Park Property, all Artwork (including the Sculpture) placed on the Rincon Park Property, and all tangible and intangible personal property located on or used in connection with the operation and management of the South Beach Property and the Rincon Park Property; and (ii) Assignment of Lease in substantially the form attached hereto as Exhibit F, assigning to the Port all of its right, title and interest in and to the Ship Clerks Lease.

5. OPERATION OF, AND COLLECTION OF PROJECT REVENUES FOR, THE SOUTH BEACH HARBOR PROJECT.

5.1. Collection of Project Revenues. Subject to the terms of the Bond Indenture, the Port shall maintain and operate the South Beach Harbor Project and collect all income and receipts from the operation of the South Beach Harbor Project ("Project Revenues"). Project Revenues include fees, rentals for services and facilities and other amounts defined as "Revenues" in the Bond Indenture, including available fund balance derived from project revenues in the SBH Bank Account, with the exception of tax increment from the South Beach Harbor Project and income and revenues derived from investment of funds held by the Trustee under the Bond Indenture. For purposes of maintaining and operating the South Beach Harbor and collecting Project Revenues, the Port shall act as the agent of the Successor Agency under the Bond Indenture. The Port shall collect Project Revenues in accordance with the Port's Collection Policy and Accounts Receivable Write-Off Policy, to the extent that those policies are consistent with the Bond Indenture. The Port shall cause the South Beach Harbor Project to be designated a Special Facility under the indenture for the Port's Series 2014 Revenue Bonds and Project Revenues shall be deposited in a project account designated by the City Controller or Treasurer for the South Beach Harbor Project.

5.2. Use of Project Revenues. Project Revenues shall be used for the following obligations as they accrue in the following order of priority:

(a) First, to pay all costs and expenses defined as "Operating Expenses" in the Bond Indenture and incurred by the Port in connection with the operation, management and maintenance of the South Beach Harbor Project including, but not limited to, salaries, fringe benefits and overhead for Port employees assigned to the South Beach Harbor, the Successor Agency Staff Obligation payable to the Successor Agency in accordance with Section 5.3 below, and a commercially reasonable capital reserve;

(b) Second, to the Successor Agency to fund Bond Debt Service requirements remaining after application of tax increment revenues collected from South Beach Harbor in accordance with Section 5.4 below; and

(c) Third, to make debt service payments currently due and payable under the Cal Boating Loan.

5.3. Successor Agency Staff Obligation. The parties acknowledge that certain services at South Beach Harbor will be provided by Successor Agency employees in accordance with a separate Memorandum of Understanding between the Successor Agency and the Port (the "Agency Staff MOU"). The Port shall pay to the Successor Agency the actual amount of the direct salary expense and fringe benefits for the Successor Agency's employees assigned to the South Beach Harbor Project ("Successor Agency Staff Obligation"); provided, that the Successor Agency Staff Obligation shall be capped at the following amounts:

\$767,066 for Fiscal Year 2014-15;

\$667,598 for Fiscal Year 2015-16; and

\$687.625 for Fiscal Year 2016-17.

The Port's obligation under this Section 5.3 will survive the termination of this Agreement and will remain in effect until the expiration or earlier termination of the Agency Staff MOU.

5.4. Bond Debt Obligation. The Successor Agency shall be responsible for complying with all debt covenants and other requirements of the Bond Indenture. The Successor Agency will make Bond Debt Service Payments using the following sources until the Bonds are fully repaid:

(a) tax increment revenues collected from South Beach Harbor and pledged as security for the repayment of the Bonds (estimated at approximately \$250,000 a year, net of AB 1290 pass-throughs);

(b) Project Revenues provided by the Port, as described in Section 5.2 of this Agreement;

(c) with respect to the final Bond Debt Service Payment, from the reserve fund (including investment earnings thereon) held by the Bond Trustee with a balance of approximately \$600,000 as of, 2014.

5.5. Notwithstanding anything in this Agreement to the contrary, the Port shall not be required to advance any moneys derived from any source other than Project Revenues for repayment of the principal of the Bonds or interest thereon or any other purposes under the Bond Indenture. **[Need to confirm with Port Bond Counsel that this section is consistent with the Port's Revenue Bond requirements.]**

6. BOOKS AND RECORDS; AUDITS.

6.1. Books and Records. Port agrees to keep books and records for the South Beach Harbor Project, including segregated financial and budgetary accounting, in a manner that accommodates the preparation of separate financial reports for the South Beach Harbor Project that may be requested by the Successor Agency. The Port shall maintain all records with respect to all matters covered by this Agreement in accordance with the Port's customary records retention requirements.

6.2. Audits. Upon at least fifteen (15) days prior written notice, during normal business hours and no more than once each Fiscal Year (or more if otherwise requested by the Successor Agency and agreed to by the Port in its sole discretion), the Port shall make available to the Successor Agency or its representatives for examination all records specifically related to this Agreement that are necessary and appropriate for the Successor Agency's compliance with the Bond Indenture and applicable laws and regulations.

7. INDEMNIFICATION.

7.1. General. The Port shall indemnify, defend and hold harmless the Successor Agency and its boards, commissions, officers and employees from any and all claims, damage, injury or loss arising out of the negligent acts or omissions or willful misconduct of the Port, its officers and/or employees in the performance of its obligations under this Agreement. The Successor Agency shall indemnify, defend and hold harmless the Port and the City and their respective boards, commissions, officers and employees from any and all claims, damage, injury or loss arising out of (i) the negligent acts or omissions or willful misconduct of the Successor Agency, its officers and/or employees in the performance of its obligations under this Agreement and (ii) the Successor Agency's failure to perform any of its obligations under the Bonds. In the event of concurrent negligence of the Port or the City and the Successor Agency, the liability shall be apportioned under the California theory of

comparative negligence as presently established or as may hereafter be modified. [Need to review with the City's Risk Manager.]

7.2. Limitation on Liability. In no event shall the Port, the City or the Successor Agency be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including lost profits, arising out of or in connection with this Agreement or any activities performed in connection with this Agreement.

8. INSURANCE. The Port shall procure and maintain, as an Operating Expense, all insurance coverages required under the Bond Indenture and the Cal Boating Agreements and any additional coverages consistent with the Port's customary practice or as required by the City's Risk Manager. All such policies shall be endorsed to name as additional insureds the Successor Agency, the Port, the City and their respective officers, directors, employees and agents, as well as all parties that are required to be named as additional insureds under the Bond Indenture and the Cal Boating Agreements.

9. DEFAULT AND REMEDIES.

9.1. Events of Default. The occurrence of any one or more of the following events shall constitute an event of default by the defaulting party:

(a) failure to pay when due any monetary amount due under this Agreement, which failure is not cured within thirty (30) days after receipt of written notice of the default; and

(b) failure to perform any other obligation under this Agreement, which failure is not cured within thirty (30) days after receipt of written notice of the default, provided, that if the default cannot be cured within thirty (30) days, the defaulting party shall not be in default under this Agreement if the defaulting party commences to cure the default within such thirty (30) day period and diligently and in good faith continues to cure the default.

9.2. Remedies. Upon the occurrence of a default that is not cured with the applicable cure period, the non-defaulting party may exercise any remedy available to the non-defaulting party at law or in equity by statute or otherwise.

10. COOPERATION; CLOSING CONDITIONS. The Port and the Successor Agency shall cooperate on matters related to the implementation of this Agreement. The parties agree to seek the concurrence of the State Lands Commission, Cal Boating, the Oversight Board, and the California Department of Finance to the extent that termination of the South Beach Harbor Leases and/or the Rincon Park Agreements requires the review or approval of those agencies. In particular, the Port and Successor Agency agree to secure, as conditions precedent to the Effective Date ("Closing Conditions"), (i) Cal Boating's approval of (1) the Port as the only "Borrower" under the Cal Boating Loans, (2) the Port's management of South Beach Harbor, (3) subordination of the Cal Boating Loans to the Port's Revenue Bonds, (ii) GPS' execution of the Sculpture maintenance letter described in Section 3.3 and delivery of the GPS Annual Security Payments to the Port as described in Section 3.4; (iii) the State Lands Commission's concurrence that the termination of the South Beach Leases is in the best interests of the Public Trust; and (iv) the Port Commission's designation of the South Beach Harbor Project as a Special Facility under its Revenue Bond Indenture.

11. CONTROLLER'S CERTIFICATION OF FUNDS. The terms of this Agreement shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco. Notwithstanding anything to the contrary contained in this Agreement, there



MEMORANDUM

January 8, 2015

To: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *Moyer*
Executive Director

SUBJECT: Request approval of a prequalified list of four contractors to provide professional services for an Emergency Preparedness Training Program and authorization to award a contract to one of the prequalified firms, Tetra Tech, to program services for an amount not to exceed \$249,000

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution

Executive Summary

Pursuant to a competitive Request for Qualifications (RFQ) process which the Port Commission approved, Port staff requests the Port Commission's approval of a prequalified list of contractors, and authorization to award and enter into a contract with Tetra Tech, for an Emergency Preparedness Training Program ("Program") under Administrative Code Section 21.4.

The funding available to develop and implement the Program is \$249,000. The Federal Emergency Management Agency (FEMA) awarded the Port \$186,750 from the 2013 Port Security Grant Program (PSGP). The Port is providing the required 25% non-federal matching funds of \$62,250 from the Fiscal Year 2014-15 Operating Budget. The Accept and Expend Resolution for this grant was approved by the Port Commission and Board of Supervisors respectively. All elements of the Program must be completed and invoiced by August 31, 2015, the end of the PSGP grant performance period.

Due to the federal funding requirements for the services procured under this RFQ, Local Business Enterprise (LBE) preferences cannot be applied. Additionally, per the Federal Emergency Management Agency (FEMA) Code of Federal Regulations grant funds obtained for the purposes of this RFQ are exempted from the federal government's Disadvantaged Business Enterprise (DBE) Program.

THIS PRINT COVERS CALENDAR ITEM NO. 11B

Port staff now requests that the Port Commission authorize staff to award a Professional Services Contract PRT1415-02, for Emergency Preparedness Training Program, to Tetra Tech for an amount not to exceed \$249,000 prior to the expiration of the grant performance period on August 31, 2015.

Strategic Objective

The objective of the Emergency Preparedness Training Program ("Program") is to improve the Port's preparedness in the event of a catastrophic disaster. The Program will consist of monthly position based trainings and meetings culminating in an "All Hazards" exercise in June 2015. The Program will be aligned with the National Incident Management System (NIMS) and utilize the Incident Command System (ICS) for incident management.

Background and Purpose

NIMS provides a common method to manage incidents at the local, state, and federal levels. A component of NIMS, ICS provides common language and an established organizational structure through which responders and incident managers efficiently manage an emergency incident. The federal government mandates use of NIMS during hazardous materials spill responses and the State of California mandates use of ICS during all emergency responses.

Properly trained staff is a critical component of a successful response to an emergency incident. The Port currently staffs an Incident Management Assistance Team (IMAT) of employees who serve at the Port's Department Operation Center (DOC) in the event of an emergency, or at the City's main Emergency Operation Center (EOC) on Turk Street. This Program is intended for Port IMAT members, senior staff, Port staff leading on-scene response operations, as well as select staff from other City agencies with which Port staff coordinates during an emergency response.

The purpose of the Program is to contract with training providers to fulfill the following objectives:

- Develop and implement NIMS compliant all-hazards training sessions resulting in ICS-300 level certification for 30-50 people. The Program will be customized for the Port and provide position-specific training with scenarios tailored to each branch of ICS (Finance, Operations, Planning, Logistics, and Command Staff).
- Deliver multiple trainings for each position-specific function over a period of weeks, to be completed prior to June 2015.
- Develop and deliver an "All Hazards" Exercise Program at the Port no later than July of 2015. Exercise coaches and evaluators experienced in all hazards emergency response will facilitate the Exercise Program.
- Analyze findings, identify gaps and lessons-learned from the Exercise Program and incorporate them into the Port's Master Improvement Plan (MIP).

Climate Action

The San Francisco waterfront surrounds a high profile, densely populated American urban center – a financial and technology hub and preeminent tourist destination. An estimated 23 million people visited the Port of San Francisco's waterfront in 2013.

The Program established by the selected contractors will improve the Port's ability to respond to emergencies from strong storm surges caused by climate change and a rising Bay. As a result, the Port will be more prepared to protect visitors and critical infrastructure on or near the Port.

Selection Process and Award

The Request for Qualifications was advertised on September 5, 2014, with proposals due October 15, 2014.

On October 15, 2014, the Port received seven written proposals in response to the RFQ. Port staff determined that five of the seven proposals met the minimum qualifications.

Selection Panel

A three-member selection panel was convened to evaluate and score proposals on November 12, 2014. The panel consisted of an Emergency Planning Coordinator from the Port, the Emergency Planning Director from the San Francisco Public Utilities Commission, and a staff person from the California Office of Emergency Services. The Port's Contract Monitoring Division Compliance Office approved the panel composition and attended the selection panel meeting.

Evaluation Criteria

Written proposals were evaluated and scored by the selection panel based upon the following criteria:

35 points – firm and program staff qualifications

55 points – program approach

10 points – quality of response

100 points total

Scores at or above 70 points out of a 100 possible points, were deemed pre-qualified for potential contract negotiations with the Port.

<u>Final Ranking</u>	<u>Name of Prime Contractor</u>	<u>Scores</u>
1	Tetra Tech	87.00
2	Willdan Homeland Solutions	81.00
3	BlueWater & Associates	77.67
4	Willand Associates	77.33
5	Emergency Preparedness Solutions	65.00

Emergency Preparedness Solutions was eliminated because the firm failed to score at or above the 70 point threshold established in the RFQ. On November 21, 2014 Port staff issued a notice of intent to establish a pre-qualification list to Tetra Tech, Willdan

Home Solutions, BlueWater & Associates and Wiland Associates. No protests were received during the five working day protest period initiated after the issuance of the notice of intent to establish a pre-qualified list.

In addition, Port staff has selected Tetra Tech for contract negotiations and contract award based on their prior experience and project approach referenced in their RFQ response; and accordingly, staff seeks Port Commission authorization to award a contract to Tetra Tech, subject to further negotiations, in an amount not to exceed \$249,000. Port Commission authorization is required for this contract award under Port Commission Resolution No. 10-60 because the amount exceeds the \$100,000, the delegated authority to the Executive Director for award of professional services (non-public works) contracts. Port staff anticipates that if final negotiations with Tetra Tech result in a contract amount less than \$249,000 (the available funding), then staff will contract with one or more of the other prequalified contractors for separate contracts within the Executive Director's delegated authority of \$100,000 under Resolution No. 10-60.

About Tetra Tech

Tetra Tech is a Pasadena, California based company with a local operations office in Oakland. Tetra Tech is the nation's largest provider of emergency management and community resilience services to state and local jurisdictions. Tetra Tech maintains 350 offices worldwide with more than 14,000 employees. Tetra Tech currently provides emergency preparedness services to the San Francisco Public Utilities Commission. Tetra Tech was selected for the depth and breadth of their organizational structure, project approach, and prior project experience.

Funding

The funding available to develop and implement the Program is \$249,000. The Federal Emergency Management Agency (FEMA) awarded the Port \$186,750 from the 2013 Port Security Grant Program (PSGP). The Port is providing the required 25% non-federal matching funds of \$62,250 from the FY 2014-15 operating budget. The Accept and Expend Resolution for this grant was approved by the Port Commission on February 11, 2014 in Resolution 14-05, and by the Board of Supervisors on April 22, 2014 in Resolution 126-14.

Schedule

The planned Project schedule is as follows:

<u>Activity</u>	<u>Target Date</u>
Port Commission Authorization to Establish a Prequalified Pool and Award Contracts	January 13, 2015
Notice To Proceed	January 29, 2015
Operations & Logistics Section Training	February 2015
Finance & Administration Section Training	March 2015
Planning Section Training	April 2015
Command Staff Training	May 2015
Full Scale Exercise	June 2015
Grant Closeout and After Action Report	August 31, 2015

Summary

Port staff has completed the RFQ evaluation process and selected four prequalified firms as eligible for contract negotiations and services. Among these four prequalified firms, Port staff has selected Tetra Tech based upon the firm's experience and program approach. Port staff therefore requests Port Commission authorization for contract award to Tetra Tech to provide Emergency Preparedness Training Program services for a maximum amount not to exceed \$249,000 prior to the expiration of the grant performance period on August 31, 2015. If the contract with Tetra Tech does not commit all of the available funding, Port staff may contract with one or more of the remaining prequalified firms in amounts within the Executive Director's delegated contract authority for Program services.

Prepared by: Boris Delepine, Contracts Administrator
Finance and Administration Division

For: Elaine Forbes, Deputy Director
Finance and Administration Division

and

Sidonie Sansom, Director of Homeland Security
Executive Division

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 15-01

- WHEREAS, Port staff seeks Port Commission approval of a prequalified list of four contractors to provide professional services for an Emergency Preparedness Training Program (the "Program") and authorization to award a contract to one of the prequalified firms, Tetra Tech.
- WHEREAS, The Program will improve the Port's preparedness in the event of a catastrophic disaster through the planning, development, and implementation of an Emergency Preparedness Training Program; and
- WHEREAS, The Program will consist of monthly position based trainings and meetings culminating in an "All Hazards" exercise in June 2015; and
- WHEREAS, The Federal Emergency Management Agency (FEMA) awarded the Port a grant of \$186,750 from the 2013 Port Security Grant Program (PSGP) for the program funding, which the Port will supplement with a required 25% non-federal match of \$62,250, from the Port's FY 2014-2015 operating budget, resulting in total available funding of \$249,000 to develop and implement the Program; and
- WHEREAS, The Accept and Expend Resolution for this grant was approved by the Port Commission on February 11, 2014 (Port Commission Resolution 14-05), and by the Board of Supervisors on April 22, 2014 (Board of Supervisors Resolution 126-14); and
- WHEREAS, Establishing a pre-qualified pool of contractors provides the Port with a broad base of expertise and flexibility to maximize the Port's ability to determine how best to meet all grant guidelines and Program objectives within the grant fund amount and time constraints; and
- WHEREAS, The Port Commission, at its meeting on August 12, 2014, authorized staff to issue a Request for Qualifications ("RFQ") to establish a pre-qualified list of contractors to provide professional services for the Emergency Preparedness Training Program for the Port and City staff (Port Commission Resolution 14-50); and
- WHEREAS, Port staff advertised the RFQ for the Program services on September 5, 2014, and received seven proposals on October 15, 2014; and
- WHEREAS, A three member selection panel was convened to evaluate and score the RFQ proposals on November 12, 2014; and

- WHEREAS, Four firms, BlueWater & Associates, Tetra Tech, Wiland Associates, and Willdan Homeland Solutions scored above the 70 point threshold established by the RFQ for pre-qualification for contract negotiations with the Port; and
- WHEREAS, Among these prequalified firms, Port staff selected Tetra Tech for immediate contract negotiations and contract award based on their prior experience and proposed project approach; and
- WHEREAS, If staff's final negotiations with Tetra Tech result in a contract amount less than the total available funding of \$249,000, then staff intend to contract with one or more of the other prequalified contractors for amounts within the Executive Director's delegated authority of \$100,000 under Port Commission Resolution No. 10-60; now, therefore, be it
- RESOLVED, That the Port Commission approves the establishment of the following prequalified list of four contractors to provide Program services to the Port, subject to the total available funding: Tetra Tech, Willdan Home Solutions, BlueWater & Associates, and Wiland Associates; and be it further
- RESOLVED, That the Port Commission authorizes Port staff to award Professional Services Contract PRT1415-02, Emergency Preparedness Training Program, to Tetra Tech for an amount not to exceed of \$249,000 prior to the expiration of the grant performance period on August 31, 2015.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 13, 2015.

Secretary



MEMORANDUM

January 8, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer *M Moyer*
Executive Director

SUBJECT: Informational presentation regarding a Special Event in excess of 90-days pursuant to Lease No. L- 14980 and Revocable License No. 15810 to be used as a parklet for public benefit, both activities located on Port property at Terry A. Francois Blvd. and Seawall Lot 337 and both activities to be coterminous with Lease No. L-14980

DIRECTOR'S RECOMMENDATION: Information Only

Executive Summary

The purpose of this item is to provide an update to the special event and parklet uses previously approved by the Port Commission in May 2014. Specifically this report will highlight what has occurred since the earlier approval; will present the updated design and schedule for the special event and parklet spaces; will preview the activities that will soon activate this area; and will provide updated projections of financial information and participation rent as requested by the Port Commission last May.

Background

On October 25, 2011, the Port Commission approved Resolution No. 11-68, approving Lease L-14980 ("Lease") with CBBC allowing surface parking, special events and signage at SWL 337 and Pier 48. CBBC is a tenant in good standing pursuant to Port Commission policy. The Board of Supervisor's approved the Lease by Resolution No. 85-12 and it became effective on April 1, 2012. The Lease expires on March 31, 2017.

In May, 2014 the Port Commission approved Resolution No.14-34 for a multiple year special event at Seawall Lot 337 ("SWL 337") pursuant to the provisions of the Lease.

THIS PRINT COVERS CALENDAR ITEM NO. 12A

The Lease generally allows special events, but requires Port Commission approval for special events exceeding 90 days. The approved special event utilizes approximately 18,400 square feet (or 3%) of Seawall Lot 337 as shown on the attached Exhibit A.

Last May the Port Commission also approved Resolution No. 14-35 for Revocable License No. 15810 with CBBC allowing use of Port property as a parklet for public benefit ("License"). The parklet comprises approximately 1,760 square feet of paved space along approximately 220 linear feet of curb space and approximately 8,048 square feet of paved space within Terry A. Francois Blvd as shown on the attached Exhibit B. The Port Commission approved a fee waiver for the License recognizing the parklet provides a public amenity benefitting the Public Trust.

Revised Schedule

Since gaining Port approval, CBBC has been refining its vision for the site with an eye towards a feasible, successful project that begins the transformation of the site from primarily seasonal parking use to a year-round public gathering space for the growing Mission Bay neighborhood. To accommodate this additional due diligence (and allow for a somewhat unexpectedly long baseball season!), the scheduled opening is now the first week of March 2015.

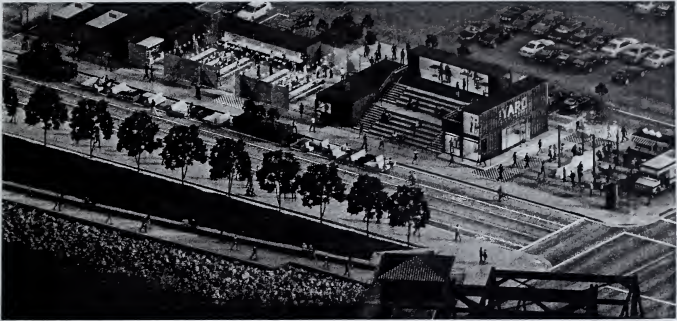
Revised Design

Special Event - The Yard

CBBC's proposed special event has been branded as "The Yard" and, as in earlier visions, continues to include temporary retail opportunities, including quick serve food and locally-made products, and an enhanced public realm with public seating, landscaping, and restrooms. The Yard will be subject to all the terms of the Lease and will be coterminous with the Lease and include the following elements:

- Approximately 17,000 square feet of open space and landscaping to create a new public pedestrian area along Terry A. Francois Boulevard.
- Approximately 3,000 square feet of interior space for retailers and the public within two levels of repurposed shipping containers.
- Approximately 10,000 square feet of publicly accessible space including an upstairs deck and adjacent seating area. Some portion of the site may be closed for ticketed events from time to time.

The Yard's total footprint at SWL 337 remains at approximately 18,400 square feet, or 3% of SWL 337. The hours of operation of the Yard will depend on the day of the week, but will not begin earlier than 7:00 a.m. or end later than 11:00 p.m. consistent with the Port's good neighbor policy. Food and beverages will be sold, including beer and wine in designated areas only. While attendance will vary based on seasonal, programming and other factors, CBBC estimates approximately 750 daily site visits.



Artistic rendering looking southeast from Lefty O'Doul Bridge

The Yard will include four distinct areas:

1. a coffee and street food patio;
2. a pop-up local retail area;
3. a beer garden with substantial food offerings; and
4. an upstairs outdoor deck

Occasional small-scale entertainment events, such as art performances, cinema-in-the-park, live or recorded music or stand-up comedy, may also occur within the Yard area (subject to regulatory permitting). Landscape elements and public areas will be oriented to provide views of the Bay, and offer areas for passive or active recreation, family picnics and small gatherings. Public restroom facilities, including ADA accessible facilities, will be provided. The Yard will include Port-approved signage, be secured by a perimeter fence, and necessary back-of-house areas will be provided for waste stream sorting, storage, and other operational needs.

Parklet License Area

In order to facilitate The Yard, the Port and CBBC have negotiated a revocable License area adjacent to The Yard to be used as a parklet solely for public access. The parklet will consist of movable platforms within a roadway area on the south side of Terry A. Francois Boulevard. These moveable platforms will be improved with landscaping, seating and gathering spaces, similar to the City's "parklet" program.

During events at AT&T Park, the moveable platforms will be moved out into the adjacent roadway portion of Terry A. Francois Boulevard which is closed to traffic before, during and after events at AT&T Park. A San Francisco Fire Department-approved emergency access lane will be maintained at all times, including when the Expanded License Area is in use. As with The Yard, under the License CBBC will

maintain the parklet improvements and indemnify the Port against any and all loss or liability.

Fee Proposal

Special Event – The Yard

Port Commission Resolution No. 14-34 approved a fee for The Yard that:

1. At a minimum, cannot be less than the Port Commission's minimum parameter rental rate for paved land, which for this site is approximately \$77,000 per year.
2. Is greater than parking revenues the Port could otherwise have expected to receive from the 70 parking spaces displaced by The Yard, which CBBC and Port have determined is approximately \$70,000 per year.
3. Anticipates an increase in Port parking revenues from patrons choosing to drive to The Yard and park in SWL 337. These anticipated new parking revenues total \$150,000 per year.
4. Includes upside, a so-called "homerun" opportunity for the Port once CBBC's approximate \$2.5M investment in The Yard and parklet improvements has been recovered from on-site revenue generation. Based on its conservative proforma, CBBC estimates a recovery period of approximately 3 years. Once this has been achieved, CBBC will pay Port 25% of all net annual Yard revenues* in excess of the \$77,000 minimum parameter rental rate.

* Net Revenue is defined as all payments, revenues, fees or amounts received by CBBC for the use of The Yard less the cost of possessory interest taxes. CBBC will include information about revenues from the Activation in its regular monthly and annual reports under the Lease. Based on Port staff review of the project proforma, Port's annual participation is estimated at approximately \$150,000 once CBBC's recovery period has concluded.

Parklet License Area

With respect to the License for the parklet, Port Commission Resolution No. 14-35 waived the monthly license fee recognizing the parklet provides a benefit to the Public Trust based on the following: (1) the 11 displaced parking meters in Terry A. Francois Boulevard currently are not used during events at AT&T Park and do not otherwise generate significant revenue compared to the value of the proposed public amenities; (2) there are no other uses for the roadway License Area or Expanded License Area that would generate rent to the Port; (3) no other uses would be displaced; (4) CBBC will not use the space for either commercial or exclusive use, but solely for public access and seating; (5) the Port will not be expending any harbor fund resources or revenues to support this use; and (6) there is direct benefit to the Public Trust in that the parklet use will enliven the area, enhance the neighborhood area by attracting people to the waterfront, and provide public access and raise awareness of the waterfront and its public benefits and amenities.

What's Next

CBBC has applied for a Port building permit and is currently responding to comments from Port staff pertaining to disability access, structural, signage, electrical and Fire Department issues. The Terry A. Francois Boulevard roadway is already permitted for closure on game days so no additional permits are required for the street uses described in this staff report. The building permit is anticipated to be issued in early January. With the issuance of the Port Building Permit, CBBC will begin installation of the improvements over an approximately 6 week period followed by testing of the equipment and occupancy by the merchants leading to a soft opening in early March 2015.

With these next steps accomplished, this generally quiet corner of the waterfront will be activated to begin its transformation into the active mixed use neighborhood envisioned by the community through the ongoing, multi-year Seawall Lot 337 waterfront planning and neighborhood development process. An informational update to the Port Commission and the public on that larger project is planned for spring 2015.

By: Phil Williamson, Senior Project Manager

For: Byron Rhett, Director of Planning and Development

Exhibit A Activation Area

Exhibit B License Area and Expanded License Area

McCOVEY COVE

CHINA BASIN PARK

TERRY A. FRANCOIS BLVD

PARCEL B

PARCEL A

8.00

220.00

EXISTING FENCE LINE

PARCEL A = 1,760 Sq Ft

PARCEL B = 8,048 Sq Ft

SWL 337 PARKING LOT

THIRD STREET

EXHIBIT B

INITIALS: _____ PORT: _____ LICENSEE: _____ DATE: _____

LICENSE NO.

15810

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

LICENSEE

CHINA BASIN BALLPARK
COMPANY, LLC.

DRAWN BY: EDC DATE: MAY 8, 2014

CHECKED BY: P. WILLIAMS SCALE: 1" = 40'

PLACE CODE NO. 4033-00 SHEET NO.

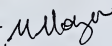
OF SHEETS



MEMORANDUM

January 8, 2015

TO: MEMBERS, PORT COMMISSION
Hon. Leslie Katz, President
Hon. Willie Adams, Vice President
Hon. Kimberly Brandon
Hon. Mel Murphy
Hon. Doreen Woo Ho

FROM: Monique Moyer 
Executive Director

SUBJECT: Informational presentation of the Draft Port Commercial Sign Guidelines

DIRECTOR'S RECOMMENDATION: Informational Only

Executive Summary

On February 11, 1997 the Port Commission passed resolution 97-12 adopting the *Port of San Francisco Guidelines for Review and Approval of Signs & Murals*. Port staff is working to replace these guidelines and rename them as Port Commercial Sign Guidelines to provide for Port tenant signs and business identification that are designed to address the unique areas, building types and historic districts on Port property. Since 1997, the Port created two historic districts that encompass large areas of the waterfront. Port staff evaluates all projects affecting Port historic properties, including signage, for consistency with the Secretary of the Interior's Standards for the Treatment of Historic Properties (Secretary's Standards) pursuant to Port Commission Resolution 04-89. The current adopted guidelines do not distinguish between different types of Port properties, and do not acknowledge or address the Secretary's Standards that apply to the Port's unique historic resources.

Over the past 17 years Port staff has gained experience in signage design through implementation of several historic rehabilitation development projects (e.g. Piers 1-5, Exploratorium), as well as modern new developments (e.g. AT&T Ballpark, Pier 27 Cruise Terminal). Many of these projects involved coordination with the San Francisco Planning Department, San Francisco Bay Conservation and Development Commission, State Office of Historic Preservation and the National Park Service. Port staff seeks to incorporate signage design principles from these recent best practices and precedents, which also will better ensure consistency with the Secretary's Standards by

This Print Covers Agenda Item No. 12B

incorporating measures that seek to create compatibility with the historic and/or waterfront setting of Port properties that front on the Bay, as well as upland neighborhoods adjacent to Port property. This effort also is intended to inform Port tenants and development partners of allowable signage on Port properties. At the January 13, 2015 Port Commission meeting, Port staff will provide a briefing on the Port Commercial Sign Guidelines. This will be followed by a presentation of a complete draft of proposed Port Commercial Sign Guidelines for Port Commission consideration by July 2015.

Background

In 1997, the Port Commission adopted *Guidelines for Review and Approval of Signs & Murals* (Attachment A), establishing criteria for Port tenant signs and business identification. Since then, the Port Commission approved the creation of two National Register Historic Districts – the *Embarcadero Historic District* (2004), and the *Union Iron Works Historic District* at Pier 70 (2014). The Port's Waterfront Land Use Plan and its accompanying *Waterfront Design & Access Element* contain policies directing waterfront improvements to be architecturally compatible with the adjacent neighborhoods and with historic structures. The Port's current guidelines have a general "one-size-fits-all" approach that does not recognize different areas or types of Port property that warrant different sign treatments, nor do they recognize the neighborhood character within or adjacent to Port property. These adopted guidelines also do not incorporate Port staff's current use of the Secretary's Standards in the historic districts as directed by Port Commission Resolution 04-89.

Port staff has gained considerable experience in signage design and integration as a result of the rehabilitation of waterfront historic resources and new waterfront developments, many as part of coordinated processes with the San Francisco Planning Department, San Francisco Bay Conservation and Development Commission, State Office of Historic Preservation and National Park Service. Port staff seeks to update and incorporate signage design principles from these recent best practices and precedents, which also will better ensure that sign proposals for historic resources are consistent with the Secretary's Standards.

Proposed Changes

Port staff plans to change the name of the document to Port Commercial Sign Guidelines (Sign Guidelines). The criteria included in the proposed Sign Guidelines will continue to focus on Port tenant sign and business identification, and be oriented to ensure compatibility with the historic and/or waterfront setting of Port properties that front on the Bay, as well as upland neighborhoods adjacent to Port property. A major component of the Sign Guidelines will focus on sensitive signage design within the Embarcadero Historic District. The intent of the new Sign Guidelines is to respond to common needs and conditions such as:

- How tenants on historic piers and bulkhead buildings can be effectively identified from The Embarcadero while respectful of the Historic District and the needs of rehabilitated historic resources;

- How signs can be added to historic buildings consistent with the *Secretary's Standards*;
- For Port property west of the Embarcadero, how signage can be consistent with adjacent non-Port property that is subject to the signage requirements of the San Francisco Planning Code;
- In Fisherman's Wharf, including Fish Alley, how commercial signage can be designed to be consistent with the unique architectural character of that district; and
- In the Southern Waterfront, how commercial signage can be aesthetically sensitive and reflect the industrial character of the area.

The Sign Guidelines will establish definitions and general criteria applicable to all Port property, drawing from common terminology and treatments as applied under the City Planning Code, where applicable. For unique Port properties, such as those within the Embarcadero Historic District, the Sign Guidelines provide different criteria and incorporate the Secretary's Standards to guide signage on historic structures. The Sign Guidelines will address Port owned seawall lots similar to the Planning Code, and incorporate site-specific signage requirements approved as part of the Ferry Building Historic Rehabilitation in 2001 and development of AT&T Ballpark. In addition, current City signage requirements established for the Northeast Waterfront Historic District, a locally designated historic district that encompasses the Port's seawall lots between Broadway and Union Streets, will be cross-referenced. The Sign Guidelines will be amended in the future to address site-specific signage criteria for other areas as they are improved, such as the Union Iron Works Historic District at Pier 70.

The Embarcadero Historic District, extending from Pier 45 in Fisherman's Wharf to Pier 48 just south of China Basin Channel, will receive significant focus in the Sign Guidelines. At the January 13, 2015 Port Commission meeting, Port staff will present a briefing of the approach to developing criteria for the Sign Guidelines, focusing particularly on the piers within the Embarcadero Historic District. The Sign Guidelines will include both general criteria and specific requirements for bulkhead or pier shed installations. All criteria are oriented to support commercial signage that is sensitive to and consistent with the *Secretary's Standards*. Examples of general criteria are as follows:

- New features such as canopies, awnings and commercial signage should be distinguished as additive elements, yet compatible with the resource's character defining features;
- Business signs should be distinct yet complementary to the resource, generally held away from the wall of the building or historic resource, and be attached in a sensitive manner that minimizes alteration of the historic resource;
- Business directional signage should be minor in size and compatible with the resource's architectural features, materials, colors and spatial relationships; and
- All signage improvements, viewed collectively, must be consistent in character and not change the character of the historic resource. Depending on site considerations, the number or size of permitted signage may be less than is

stated in the Sign Guidelines in order to maintain consistency with the Secretary's Standards.

Specific criteria for the Embarcadero Historic District will describe how signs can be added to the different types of door and window openings commonly found on bulkhead and pier buildings. The specific criteria will also describe how freestanding directory and tenant identity signs can be designed and placed adjacent to bulkheads and at entrances to pier aprons. In addition, specific criteria will address window signs, and how roof and wall graphics may be added in temporary or permanent locations.

In developing the draft Sign Guidelines for the Embarcadero Historic District staff prepared visual analysis of the different sign options to allow evaluation of options and the appropriate amount of signage. This visual analysis will be presented at the January 13, 2015 Port Commission meeting.

Port property not within the historic districts generally includes the Port's seawall lots, Fisherman's Wharf, and property south of China Basin Channel, excluding the Union Iron Works Historic District at Pier 70. The Sign Guidelines will continue to define the number and size of signs to be a function of the length of the street frontage, similar to sign allowances in the adopted guidelines and the San Francisco Planning Code.

Next Steps

Staff's intent is to return to the Port Commission by July, 2015 for consideration of adoption of Sign Guidelines. Prior to that date, staff will work with the City Planning Department, San Francisco Architectural Heritage and tenants to ensure the Sign Guidelines respond to tenant needs and adequately provide direction for applying signage to historic resources and other waterfront properties.

Summary / Conclusion

The Sign Guidelines will be tailored to address the many unique property and building types found at the Port. The Sign Guidelines are also intended to provide identification of businesses housed within the facility while maintaining the historic and waterfront character, and allow bay and maritime views and access along Port property.

Prepared by: Dan Hodapp
Senior Waterfront Planner

For: Byron Rhett, Deputy Director
Planning and Development

Attachment A:

Port of San Francisco Guidelines for Review and Approval of Signs & Murals

Attachment A

PORT OF SAN FRANCISCO GUIDELINES FOR REVIEW AND APPROVAL OF SIGNS & MURALS

I. Application of Guidelines and Exemptions

- A. Port Design Committee Review and Approval. No person shall place or erect any sign or mural that is subject to these Guidelines on projects within Port jurisdiction without first obtaining review and approval by the Port Sign Committee in accordance with these Guidelines.
- B. Application. Except as specifically exempted in Section I.C. hereof, these Guidelines shall apply to all permanent and temporary signs installed on property within Port jurisdiction which are visible from public streets, sidewalks or waterways, including interior signs designed or arranged to be primarily visible from the outside of any building or structures.
- C. Exemptions. These Guidelines shall not apply to the following:
 - 1. Public Service signs displayed on the inside of windows or glass doors for a limited time which are no more than 6 square feet in area. A public service sign shall be defined as a non-commercial sign devoted to a religious, charitable, cultural, governmental or educational purpose.
 - 2. Political Signs limited to 6 square feet in area and removed within 10 days after the election.
 - 3. Legally required posters, notices or signs.
 - 4. International, national, state, city, county (or other political subdivision), or maritime house flags.
 - 5. Port or City signs, or State-installed traffic or directional signs.

II. Permit Submittal and Review Process.

- A. The following procedures shall be applicable for the review of all proposed signs that are subject to these Guidelines:

1. Applications for Port Sign Committee review shall be submitted on Port Building Permit Application Forms and shall include detailed specifications and drawings as follows:
 - a. Building Site Plan, drawn to scale, and showing:
 - (1) Location of proposed sign.
 - (2) Location of existing landscaping.
 - (3) Location of existing adjacent signs and other signs in the vicinity of the premises that are to remain in place.
 - b. Exterior elevation drawings, drawn to scale, of the building, structure, or principal open space features, showing location of existing adjacent signs to remain and the proposed sign.
 - c. Details of sign, drawn to scale, which include:
 - (1) Sign dimensions.
 - (2) Plan view.
 - (3) Elevation view.
 - (4) Colors. A sample of each proposed color to be used must be submitted for review and approval.
 - (5) Materials. Material samples may be required.
 - (6) Letter size and type style.
 - (7) Lighting or illumination.
 - (8) Name, address and telephone number of manufacturer as well as manufacturer's specifications.
 - (9) All structural details, which shall comply with the San Francisco Building Code.
 - (10) All electrical details, which shall comply with the San Francisco Electrical Code. Provide UL Labels where applicable.
 - d. Photograph of the building, structure or open space features, marked to show proposed sign location.
 - e. The application fees required shall be as listed in the San Francisco Building Code.
2. After receipt of a completed application, together with all supporting documentation, the Port Sign Committee shall review the application in accordance with the Port's Waterfront Design and Access Element and also in accordance with the following considerations:
 - a. The design of a sign shall be integrated with the architectural design of the building or site.

- b. Adjoining and surrounding improvements shall be equally considered, taking into consideration the architectural character of any adjoining improvements and existing views or view corridors.
 - c. Signs shall be consistent with the character of the Port waterfront setting or neighborhood location.
- 3. The Port Sign Committee, upon review of an application, may approve, conditionally approve, or deny such application.
 - a. In those instances where the Port Sign Committee has denied an Application; the Committee shall inform the applicant, in writing why the application has been denied.
 - b. The applicant may resubmit a revised application addressing the deficiencies which led to the denial of the application or may appeal the Port Sign Committee's decision to the Port Executive Director or his/her Designee. The appeal must be in writing and must state the reasons why the application should be approved. The determination of the Director or his/her Designee shall be final.
- 4. The Port Sign Committee may recommend review by the Port's Design Review Committee, if it determines that the sign may have significant implications for the urban design of the waterfront setting. The review is coordinated by the Port's Planning and Development Division.

III. Temporary Signs and Banners. In addition to any permanent signage permitted herein, tenants or licensees may be permitted up to two temporary signs as described below. Except as provided in sections C and D below, temporary signs will be permitted for a two-week period, with additional two-week extensions possible to a maximum of 8 weeks. Each extension will require additional approval by the Port Sign Committee.

- A. Signs Noticing Public Events which are removed immediately after the event has taken place.
- B. Sign in Anticipation of Permanent Signs for businesses which are open to the public prior to delivery of a permanent sign.
- C. Real Estate Signs no larger than 16 square feet in area that are displayed for a limited period of time. The duration of display must be specified in the permit but will be individually determined in accordance with the project's needs.

- D. Construction Signs Construction signs for construction projects stating the names and addresses of those individuals or firms directly connected with the design or construction project and/or the name of the owner, the leasing agent and/or ultimate user. Construction signs are limited to 32 square feet in area and one sign per street frontage.

- IV. Murals. Murals or extensive paint treatments applied or affixed to the exterior of a building or lease premise shall require a Port permit.

The Port Sign Committee may recommend that the design is reviewed by the Port's Design Advisors (See Section II.5.)

- V. Prohibited Signs. The following signs are prohibited on Port property:

- A. Portable signs, such as sandwich boards, except signs for intermittent parking uses, (e.g. valet parking signs).
- B. Wind signs, revolving signs, reflecting signs, blinking signs, balloon signs and other tethered signs.
- C. General Advertising Signs. General Advertising shall not be permitted on Port property, unless authorized by the Port Executive Director.

- VI. Signage Restrictions.

- A. Sign Area

- 1. Except as provided otherwise herein, the total area of signs shall be limited to one square foot for each linear foot of street frontage for each street frontage.

- B. Sign Height

- 1. Signs affixed to buildings. The maximum height of a sign affixed to a building shall be the eaveline of the building to which it is affixed. In a multiple-use building (such as a building with ground level retail and office uses above) the signage shall not extend above or below the level of the signed use.
- 2. Free-standing signs. Free-standing signs shall be limited in height to ten feet above the grade, measured at the horizontal center line of the sign.

C. Sign Projection from the face of the building.

1. Signs attached to buildings or structures shall project out from the face of the building no more than two inches when the lowest part of the sign is seven feet or less above the grade directly below the sign and no more than six inches when the lowest part of the sign is more than seven feet above the grade directly below the sign.

D. Total Number of Signs.

1. No more than two signs per single-tenant building will be permitted. No more than one sign per tenant in a multiple-use building will be permitted. If a single-tenant building has a frontage on more than one street, an additional sign to the two allowed on the main frontage may be permitted on each additional street frontage. In a multi-tenant building, the Port Sign Committee may recommend guidelines for the design and placement of a building directory.

E. Sign Location.

- 1 Except as provided in V.E.4 below, all tenant signs shall be placed within the boundaries of the leased or licensed space.
2. When feasible, tenant signs should be affixed to buildings or structures.
3. Signs will not be permitted on or over public sidewalks or any other public passage areas, unless the owner has received a sidewalk encroachment permit or similar agreement from the Port, and such signs are characteristic of the neighborhood or area, as determined by the Sign Committee.
4. Off-site signage may be permitted only in the case of a business that has no street frontage.

F. Illumination.

1. Use of high-intensity, unshielded or undiffused lights shall not be permitted. Lights shall be shielded or diffused so as to eliminate glare and annoyance.
2. No electrical or illuminated sign shall blink or be intermittently lighted.

VII. Maintenance; Removal of Signs.

- A. The owner of any sign shall maintain the sign in a sound and safe condition and so that the sign does not become unsightly. The Port Sign Committee, upon notice, may revoke the permit for any sign which is not so maintained.

- B. A sign which no longer serves the purpose or the establishment for which the sign was originally permitted must be removed by the sign owner and the removal area restored to the original condition prior to the installation of the sign. This must be done within 10 days after the discontinuance or abandonment of the use or premises.

VIII. Abatement of Non-Conforming Signs.

- A. Any sign in Port jurisdiction which does not conform to these Guidelines or which is erected without Port Sign Committee review and a Port Building Permit or is hereafter erected or constructed in violation of the requirements of these Guidelines shall be considered a non-conforming sign.
- B. The Port may declare any non-conforming sign to be a public nuisance and may require the sign owner to remove the sign. If not removed as requested, the Port may remove the non-conforming sign at the sign-owner's expense.

IX. Variance Procedure.

- A. Applications for variances from these Guidelines shall be made in writing to the Port Sign Committee. The Applicant shall submit a detailed explanation why the specific guideline challenged should not apply.
- B. To grant a variance, the Port Sign Committee must make all of the following findings:
 - 1. The proposed sign will be in harmony with the general purpose and intent of these Guidelines;
 - 2. That there are exceptional or extraordinary circumstances applying to the sign application involved that do not apply generally to other similar uses or property; and
 - 3. That owing to exceptional or extraordinary circumstances, the literal enforcement of specific provisions of these Guidelines would result in practical difficulty or unnecessary hardship not created by or attributable to the applicant.
- C. In those instances where the Port Sign Committee has denied a variance application, the Committee shall inform the applicant, in writing, why the application has been denied.



SAN FRANCISCO PORT COMMISSION

3/15
**JANUARY 13, 2015
MINUTES OF THE MEETING**

**MEMBERS, PORT COMMISSION
HON. LESLIE KATZ, PRESIDENT
HON. WILLIE ADAMS, VICE PRESIDENT
HON. KIMBERLY BRANDON
HON. MEL MURPHY
HON. DOREEN WOO HO**

GOVERNMENT
DOCUMENTS DEPT

FEB - 6 2015

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**MONIQUE MOYER, EXECUTIVE DIRECTOR
AMY QUESADA, COMMISSION SECRETARY**

CITY & COUNTY OF SAN FRANCISCO PORT COMMISSION

MINUTES OF THE MEETING JANUARY 13, 2015

1. CALL TO ORDER / ROLL CALL

Port Commission President Leslie Katz called the meeting to order at 2:35 p.m. The following Commissioners were present: Leslie Katz, Willie Adams, Kimberly Brandon, Mel Murphy and Doreen Woo Ho.

2. APPROVAL OF MINUTES – December 16, 2014

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. The minutes of the December 16, 2014 were approved.

3. PUBLIC COMMENT ON EXECUTIVE SESSION

4. EXECUTIVE SESSION

A. Vote on whether to hold closed session.

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

At 2:36 p.m., Port Commission withdrew to executive session to discuss the following:

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTERS (Discussion Items):

- a. Discuss existing litigation matters pursuant to California Government Code Section 54956.9(a) and San Francisco Administrative Code Section 67.10(d):
 - *Corinne Woods, Michael Theriault and Tim Colen, petitioners and plaintiffs, v. John Armtz, in his official capacity as Director of Elections of the City and County of San Francisco, and City and County of San Francisco, respondents and defendants, and Rebecca Evans, real party in interest; San Francisco Superior Court (Case No.: CPF-14-513503 filed February 14, 2014)*
 - *California State Lands Commission, petitioner and plaintiff, v. City and County of San Francisco, et al., respondents and defendants;*

5. RECONVENE IN OPEN SESSION

At 3:18 p.m., the Commission withdrew from closed session and reconvene in open session.

ACTION: Commissioner Brandon moved approval to adjourn closed session and reconvene in open session; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in closed; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

6. PLEDGE OF ALLEGIANCE

7. ANNOUNCEMENTS - The Port Commission Secretary announced the following:

- A. Announcement of Prohibition of Sound Producing Electronic Devices during the Meeting: Please be advised that the ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing of or use of a cell phone, pager, or other similar sound-producing electronic device.
- B. Announcement of Time Allotment for Public Comments: Please be advised that a member of the public has up to three minutes to make pertinent public comments on each agenda item unless the Port Commission adopts a shorter period on any item.

8. PUBLIC COMMENT ON ITEMS NOT LISTED ON THE AGENDA

Thomas Stinson, Sinbad's restaurant - We are a union house with many long-term employees. Revenues to the Port have exceeded \$12 million having been here over 40 years. We provide much appreciated amenities to the ferry boat, travelers, families, commuters, all alike. Small vendors service our needs. WETA has informed us via email that they are unopposed to our continued occupancy. BCDC's Executive Director Lawrence Goldzband, in a meeting with us, was very helpful by pointing out we must have Port support as well as WETA support necessary to take action to amend the SAP. We seek your consideration to provide a nine month extension with a 30 day notice to vacate. This is prudent and reasonable considering all the circumstances. Specifically, our best understanding is that WETA will not need the site at best until early spring of 2016. This process would provide ample time to relocate. We are very grateful for all these wonderful years and will be pleased with your cooperation to go forward. Our most recent

settlement allows us to stay until late March of this year. We hope that you'll work with us on this matter. Thank you kindly.

Duane Stinson - I just wanted to just touch on a few points that my brother said. We're only asking for a nine month extension until the WETA project starts, which we've been informed won't start until spring of 2016. Nine months would give us enough time to look for a new location, so that we can rebuild the restaurant so that we don't have to displace any of these employees that have been with us for a long, long time. I've been there 40 years. We've got a lot of dedicated people. I don't think they could be out on the streets to find a job because of their age, and whatever. They're dedicated, good, hard-working people. This would be in the best interests of the City, the Port and everybody considered. What we really need is to get the support of the Port with BCDC, and amend the SAP plan that we have with BCDC. We've met with BCDC a few months back and they basically told us that. The BCDC plan was originated a couple of years ago when they were doing the boat race out here, thinking that they were going to need our pier. They put us in there at that time because of that thing. We never knew the WETA project was not going to start for another year after this. At that time, we really didn't notice it or whatever. There's no need to demolish a restaurant that doesn't need to be demolished. It just does not make sense until it needs to be done. What we need to do is amend the BCDC plan, and with the Port's support, I really do believe it can be accomplished, and create more revenues for the City, keep employment going and keep some really good, hard-working people. We've had a great relationship for all these years and it would be a shame to have something like this happen until it's necessary to happen. What I'd really like to do is get the Commissioners to talk to staff about this. Get them to work hard with us on this. It can be accomplished. We work together like we have for 40 years. I'm pleading with you because it's the right thing to do. That's all I really have to say and I want to thank everybody here very much for listening to me.

Jack Yip - I'm over 60 years. I'm speaking on behalf of our 30 employees at Sinbad's who will all be affected. Like me, some of the other employees of Sinbad are old and it would be difficult for us to find jobs because of our age. On the other hand, many of our employees have dependent children who are still in school. Some of our parents are in homes and it would be super difficult for them to support their families if Sinbad's leaves. We would appreciate it very much sincerely if Sinbad's lease would be extended even for a short time until Sinbad's can find a new location. That way none of our employees would be displaced and be in rough shape. Please have mercy on us.

Commissioner Katz - Didn't we just sign a settlement agreement that extended the original date?

Monique Moyer - Yes. The tenancy was on month-to-month. We signed a settlement agreement in 2013 and then that expired. As Mr. Stinson reported, the lease was to terminate December 31, 2014. We executed another settlement

agreement on December 19, 2014 to extend through March, 2015 in accordance with our obligations and commitments to BCDC.

9. EXECUTIVE

A. Election of Port Commission Officers

Commissioner Katz – I'd like to pass the gavel to Commissioner Adams please.

Commissioner Adams - At this time, I'd like to open the floor for nominations for Port Commission President. Are there any nominations?

Commissioner Brandon - I would like to nominate Commissioner Leslie Katz.

Commissioner Adams - Are there any other nominations for President of the Port Commission?

Commissioner Murphy - I'll second that nomination.

Commissioner Adams - Are there any other nominations for President of the Port Commission? If not, I move to close nominations. All those in favor of Leslie Katz as President of the San Francisco Port Commission, say, "Aye."

Commissioners Brandon, Murphy, and Woo Ho - Aye.

Commissioner Adams - Opposed? At this time, I'd like to introduce Madam President for the second term, Leslie Katz, President of the San Francisco Port Commission.

Commissioner Katz - Thank you, Willie. Thank you very much. I don't want to say too much or speak too long, but it really has been a pleasure to serve this past year with what I've often said and I finally just stopped saying it because I didn't want everybody else to find out how stellar the Port staff is, but, working with a stellar staff and truly wonderful colleagues. We all bring interesting opinions to the various matters before us in different expertise and it's been a pleasure serving and working with all of you. I'm very excited to continue the work that we've been doing. We have addressed quite a bit these last few years. From the America's Cup to opening the Cruise Ship Terminal, the Exploratorium, etc. It's kind of funny. Just coming full circle, my very first vote on the Commission was to start moving the Pier 70 project forward and it's wonderful that it looks very much like what we had initially put forward in the RFP. I'm very excited to see that. Then of course, as you all hear me speaking regularly about the Blue Greenway. We've got a lot of wonderful projects before us and I know Commission Brandon has been spear-heading efforts as we explore what we'll be doing with the southern

waterfront which is an exciting and dynamic area that we need to start focusing on some more.

More than anything, I want to thank each of you, Commissioner Brandon, Commissioner Adams, Commissioner Murphy, and Commissioner Woo Ho. It just has been a pleasure serving with you and I'm looking forward to another year of interesting activity. Executive Director Moyer, as always, it's a treat working with you.

Now, I'd like to open up the floor for nominations of Vice Presidents. Are there any nominations?

Commissioner Woo Ho - I would like to nominate Willie Adams for Vice President.

Commissioner Brandon - Second.

Commissioner Katz - Are there any other nominations for Vice President? Seeing none, nominations for Vice President are now closed. All in favor of Willie Adams serving another term as our Vice President signify by saying, "Aye."

Commissioners Brandon, Murphy, and Woo Ho - Aye.

Commissioner Katz - Congratulations Commissioner Adams.

Commissioner Adams - I'll be brief. I'd like to dedicate my comments to the late Jennifer Matz. I want to thank Commissioner Woo Ho for my nomination, thank you. Thank you to my fellow Commissioners, President Katz, Commissioner Brandon, Commissioner Murphy and Commissioner Woo Ho. We've served together. I'd also like to say a very special thank you to Director Moyer and her fine staff. But more than anything, I also want to thank the citizens of San Francisco. You keep us honest. You keep us on target. You continue to ask us to raise the bar. Some of the things that I would like to see in this next term, this next year is that clearly, the southern waterfront is of very importance to me and also maritime. Maritime in this Port, I think we need to take it to another level. I appreciate all the work that Peter Dailey and Jim Maloney and all the staff has done, but we have to continue because it provides jobs.

I would like to see something eventually happen to Piers 30/32. I would like to see something that's the right fit. We just haven't found it yet but one day we will find that. I would like to see the Port provide more jobs. I think that is of importance. I'm glad that we have a Commission of five Commissioners each with different strengths but we work well together. We all are very opinionated. We basically always will put the interest of the public and the citizens of San Francisco first.

I run on the waterfront every morning. I see a lot of homeless people on the San Francisco waterfront and it's not talked about. I don't know what we can do about that. I know a lot of times, people have different opinions about the homeless people. But I would like to be able to see us do something, maybe working with the Mayor's Office, because we have a very beautiful waterfront. I don't like running out in the morning, seeing baskets and people sleeping out there all night. I'm hoping there's something that we can do to take on that issue. Because I believe we have a social responsibility. We're blessed. A lot of people that are homeless, at one time, they had it all together. But something can happen to you in your life and turn your life upside down and you could be homeless. I would like to see one of the things that we tackle that issue.

I've learned in life that leadership is not measured by how well you do when things are good. Leadership is measured when everything goes bad and everything goes wrong and you've got to figure it out. It's kind of like fear. Fear's a healthy thing. But panic, you could get killed if you were to panic in a bad situation.

I'd like to thank the staff, Director Moyer, and the four other Commissioners that I work with. We should continue to move forward in honor of the late Jennifer Matz. May we continue in how Jennifer saw things. She was a visionary. Jennifer dreamed big and she was taken much too young.

Commissioner Woo Ho - I'm looking forward to 2015 and another great year for the Port and the Commission.

Commissioner Murphy - Congratulations to you Madam President and Vice President Adams. I enjoy working with you. I always feel that you share the agenda. There's no hidden agenda there and I appreciate that. Congratulations to both of you.

Commissioner Katz - Thank you.

Commissioner Murphy - You'll do a fine job, I know it.

Commissioner Brandon - Congratulations to both of you. I really enjoyed the work we accomplished in 2014 and I'm looking forward to 2015 and all that we have in front of us. We couldn't ask for two better leaders.

Commissioner Katz - Thank you all very much and as Commissioner Adams said, special thanks to everyone here in San Francisco. As we often say, we have quite a jewel here with our waterfront and will encourage people to weigh in as we move forward in reviewing and adding to the Waterfront Land Use Plan as well, which is another big topic or an issue ahead of us. We have

an exciting year before us. Thank you all very much, and looking forward to serving.

B. Executive Director's Report

Monique Moyer - Good afternoon Madam President, Mr. Vice President, Honorable Commissioners. Welcome to 2015. Happy New Year everyone. President Katz and Vice President Adams, first and foremost, congratulations but also a big thank you. You've had a full year now to work closely with the staff and understand the extreme commitment being an officer of the Port Commission requires. You're already all very committed as Commissioners but it takes a little bit more time and energy to be in the officer role.

We are grateful for that and your service and your leadership and your pragmatism. It's been very evident in all of your speeches as you both referenced, but also in your actions. We're as pleased to have all of you as our Commissioners as you profess to have us as your staff. Thank you again for your service and being willing to take on another year. You both are extraordinarily busy and I know it's a sacrifice but we really appreciate it. We look forward to doing great things in 2015 as we had many marquis events in 2014, 2013 and 2012 so may we continue the momentum.

Commissioner Adams, thank you very much for remembering Jennifer Matz. It's a very difficult loss for all of us and she's with us in so many ways. Her legacy is here around us and it's good to have her remembered publically in that regard. I thank you. You and she inspire us to work on the items of the Commission, but certainly the ones that you both mentioned.

- Greenagers Graduation Ceremony – January 24, 2015 at 11 a.m. at Heron's Head Park

The third annual Greenagers Graduation Ceremony will occur on January 24, 2015 at 11:00 AM at Heron's Head Park. The Greenagers program has existed now for three years. It is a program that was put together by the Recreation and Parks Department together with the Port of San Francisco and funding from the San Francisco Parks Alliance and PG&E.

It's a very cool program that was designed specifically to engage teenagers in the Southeast sector of the city in Rec and Park space, not just property of the Department of Recreation and Parks but public parks that are around in the Southeast sector of the city. The Greenagers are traditionally 9th and 10th graders who live or work in the District 10 Southeast sector and are interested in the environment and service to their community.

The Greenager program is an eight month program. It runs from May through January and it is designed to develop leadership, responsibility and basic job readiness skills. It offers young people an opportunity to

enjoy new experiences, and learn about and contribute to their local environment. The Greenagers work three Saturdays per month. One of those Saturdays is dedicated to the Port's Heron's Head Park. We've been very blessed to have the Greenagers there.

We are looking forward to seeing them blossom the same way that the fruits of their labor has been blossoming out at Heron's Head. Two of the past Greenagers have served as hosts for Coastal Cleanup Day at Heron's Head Park. Two are senior members of the current program. Two graduates have gone on to work for the Department of Rec and Park. We're very pleased to see how everyone is moving through, not only their work experience as a Greenager, but their leadership experience as well. They have served as tremendous role models to their friends and family and the Port has been a great beneficiary. We're very excited to see the third class of Greenagers graduating on Saturday, January 24 at 11:00 AM at Heron's Head Park. If you have a chance to come out and support our Greenagers, we would love to see you there and help us to congratulate them.

- Fisherman's Wharf Community Benefit District – Winner of Best Community Benefit District by the Neighborhood Empowerment Network – January 30, 2015 at 6 p.m. at the City Hall Rotunda

The Fisherman's Wharf Community Benefit District is going to be honored by the Neighborhood Empowerment Network on Friday, January 30, 2015 at 6:00 PM in the City Hall Rotunda. The Fisherman's Wharf Community Benefit District was founded in November, 2005. It originally was founded as a Community Benefit District of private property owners and then later it expanded to include tenants on Port property. It has been extremely robust ever since.

The Fisherman's Wharf Community Benefit District's mission is to enhance the waterfront and the Northern waterfront. They do market research. They do branding and destination marketing to attract an immense amount of tourists that come to our waterfront. They handle sidewalk operations, beautification and order. They have concierges, if you will, out to help people find their way around. They work on traffic and urban planning issues and they work a lot on emergency preparedness issues which we really value.

The Neighborhood Empowerment Network was formed two years later in 2007. It's a group of organizations, foundations and academic institutions that came together to empower neighborhoods. Their mission is to empower residents and communities with the capacity and resources to build strong, resilient communities. They work with neighborhoods to give them tools to perform well in good times but also to perform well in bad times, as Commissioner Adams pointed out.

On Friday, January 30th, there will be 13 awardees. The best Community Benefit District Award will be going to our very own Fisherman's Wharf Community Benefit District. We're very proud of the work that they've done in a short period of time. We're pleased to see them being recognized city-wide. Please join us in congratulating the Fisherman's Wharf Community Benefit District.

Commissioner Katz - Happy New Year to everyone. Glad to be back and looking forward to 2015.

10. REAL ESTATE

- A. Informational presentation on the Pilot LBE Retail Opportunity Request for Proposal (RFP) responses for a retail space located at Pier 33 North (33½) on the Embarcadero at the foot of Bay Street to San Francisco small businesses currently working with San Francisco community-based organizations.

Jay Edwards, Senior Property Manager - Congratulations President Katz and Vice President Adams, thank you so much for your leadership throughout this last year and continuing to carry on behalf of the staff. Happy New Year to the Commissioners. We're delighted to be starting off our informational presentation for this Pilot LBE Retail Opportunity Program at Pier 33½. This is a project that started back with an RFP in April of 2014 which went out to a number of community based organizations that we're engaging an extensive outreach to try to find, with the goal of broadening the diversity among the Port retail tenants.

I'm going to give you an overview of the project objectives, a brief description of the RFP process, a discussion of the respondents, talk about the evaluation process and then I'm going to turn over a portion of the presentation to Bob Davis, Principal Administrative Analyst, who joined the Port to discuss the actual recommended response for the next Commission meeting.

As you may recall, this is a retail opportunity for Pier 33½. It's a space that the Port renovated about a year ago for approximately 2,000 square feet of ground floor space on the Embarcadero and Bay. The space is a former fire station and it's a very interesting space. It has high ceilings. It has Bay views and a roll-up glass door that opens right up onto the Embarcadero. The space has ADA compliant bathrooms and utilities are stubbed to the premises.

The summary of the key objectives of the pilot program were to broaden the diversity among the Port retail tenants, provide an opportunity for small local business enterprises and create a successful model that can be implemented

throughout the Port. With these objectives in mind, we engaged in a pretty extensive RFP process.

As you can see, this is what the respondents had to fill out. It's pretty daunting, especially for a small business, a local business that probably hasn't been through this program before. For that, I have to commend our respondents for getting through this process, providing us an incredible response, four very comprehensive, really well done proposals.

This is a pilot program, and we were delighted that we got this kind of response. I'd like share with you a little bit of information about the four respondents:

(1) Bakeworks proposed a second cafe to its first cafe in Hayes Valley which opened to critical acclaim for its food and mission to provide job training, employment for people with disabilities and those homeless who are at risk as Commissioner Adams may have mentioned.

(2) Bay City Bike Rentals and Tours with 15 years' experience operating in the City along the waterfront. They are experts in ecotourism, green travel and promoting healthy activity to locals and visitors.

(3) Electric Bicycle Superstore is an established specialty store located in the Fillmore district, offering rentals, retail sales and new bicycles, parts, accessories, clothing, maintenance, repairs, clinics and course training.

(4) Queen's Louisiana Po-Boy Cafe which offers authentic Cajun cuisine that is a fusion of African, Native American and European ancestry. For over five years, Queen's has served customers across the city's professions and cultures.

I'd like to thank all four of the respondents. They did a fantastic job. We're delighted that this pilot program could evoke that kind of outreach. I'd like to thank the CBOs that helped them and assisted them in that.

With that, I'd like to talk about the evaluation process, what we went through to select the most qualified respondent. That was comprised of a selection committee panel that was represented by Andrea Baker and Gwen Wright, two very highly respected small business consultants, Holly Lung, the neighborhood Program Manager for the Mayor's Office of Economic and Workforce Development. Carlos Solórzano, CEO of the Hispanic Chamber of Commerce, myself and Bob Davis. To go through these proposals, the Port and a selection panel engaged in a very comprehensive review process.

In the packet of information, we have the scoring sheet and the summary results. To give the audience just a quick flavor of what some of these criteria were, the evaluation was included, but not limited to, completeness and

creativity of business plan, financial strength, history of the respondent, tax returns, profit/loss, cash flow statements, balance sheets, pro forma, credit history, a business plan, pro forma for the proposed use, prior experience, the proposed use of the retail site based on the Port's desire for public serving mission, a working relation with the San Francisco CBO to assist the LBEs and growing their business, and also references.

To give you an example of what one of the respondent's proposals looked like in terms of sheer volume, this is what we received. Again, a tremendous effort by these small businesses putting this kind of proposal together with this kind of comprehensive approach, we were just absolutely delighted that they could do this in such a professional level. It made the selection very difficult because of this type of effort. As you can see in the proposal, we ranked them. Queen's Louisiana Po-Boy Cafe was ranked the highest respondent.

Bob Davis - President Katz, Vice President Adams, congratulations to you both for your service. I'm with the Real Estate Section and my charge in this project was to assist Jay in bringing the Pier 33½ retail opportunity forward in keeping with the instructions and wishes of the Commission and the executive staff.

To that end, I observed and reviewed the outreach plan and execution, and I believe the outreach was on target as is reflected by the respondents. They represent a good cross section of our small businesses and a diversity that is in keeping with the vision that we all have for San Francisco.

The proposals were all good and as Jay indicated, all of the respondents deserve to be commended. However, Queen's Po-Boy Cafe, in almost every category scored highest. Their business plan reflects sensitivity to the Port's desire to have a financially stable retail operation there. It represents the Port's desire and the Commission's desire to reach out to some of our small businesses that aren't currently located on the Port and who hadn't been aware of the potential opportunities that the Port has to offer.

It brings diversity in a retail experience for all of the potential customers that are up and down the wharf that come to San Francisco to get a real flavor of San Francisco. We're bringing the neighborhood down to the wharf in a responsible way and that's what the Commission had in mind and certainly that was our desire with staff.

I visited the restaurant. I sat in on all of the meetings with the selection committee. The process that Queen's went through will reflect in a positive business experience for the Port and a positive eating experience for all of the people who walk up and down the wharf and who come off of the ships and want to experience in one day some of the things that San Francisco has to offer via its cuisine. The owners of Queen's are here today as well as some of their references and we're certainly available for questions if you have them.

Commissioner Katz - Do the owners of Queen's want to make a short presentation or at least stand up? I have been to your restaurant on San Bruno so I'm a fan.

Marcus Tart - Congratulations on your recent nominations. I am the Center Manager at Renaissance Entrepreneurship Center in the Bayview. I'm delighted and I'm honored to be here today to sing the praises of Queen's Louisiana. As a person that was born and raised in the Bayview Hunters Point community, I can't tell you how great it is to have a neighborhood business now being located in a prime location in one of the greatest cities in the world.

Not only is it great for me but it's also great for the other community businesses that work tirelessly every day in that community. This is just a beacon of hope. If they can do it, it also let's other people know, other businesses in the community know, that they can do it as well. This was easy for us because they know the business. Folks mentioned about the extensiveness of the proposal. You have to really know the business. You have to really know your capacity as a business owner to carry out a project like this.

There were many small businesses interested in this project, of course, because it is a great opportunity. But not many have the capacity and know their business well enough to carry out this project. Secondly, they realized that they need a team. As much as they know about business operations, they also realize that they have to have a really good team to work with them to carry out this project.

We're happy to be a part of that team. We know they have financial advisors. We know they have marketing representatives. We also have a restaurant consultant that they've been working with. I know they have a really good team.

Lastly, I mentioned about the community which is something that's really dear to me. They are great community ambassadors for the Bayview Hunters Point community out in Visitacion Valley, the Southeast sector, Bayview Hunters Point, Potrero Hill and of course Portola. They're just in the community. They support other businesses. They support community stakeholders. I'm honored to sing their praises and I hope that you approve this request.

Jack Tse - I'm the Corridor Manager working with the Portola Neighborhood Association. My role there is to support small businesses on San Bruno Avenue to revitalize commercial corridor and to make it the most vibrant commercial heart in the Southeast of San Francisco

Over the last couple of years, I've had the opportunity to work with Danielle and Troy, the owners of Queen's Louisiana Po-Boy restaurant at 3030 San

Bruno Avenue. I found both Danielle and Troy not only to be really hard working business people and curators of amazing food, but they're also wonderful ambassadors for our neighborhood.

They're genuine folks. They've worked tirelessly at creating an authentic and successful food and catering business and it's been my pleasure to work with them both on improving their business and on other neighborhood improvement initiatives. Their sense of community has been commendable from hosting blood drives to participating in community gatherings and events and a willingness to donate and help out the community.

Those are the reasons why that I nominated them to be the District Nine Restaurant of the Year Award which they won a couple of months ago. I'm very much in support of their application to the Pier 33 commercial space. I feel that their products are not only authentic but also fitting of the Embarcadero. Unfortunately for us, we may no longer be able to say that Queen's is the best kept secret in SF tucked away in the Southeast of San Francisco but it will certainly be the City's gain having them on the vibrant waterfront for locals and visitors alike to enjoy.

I hope to see the Commission support their recommendation. I'm confident with Danielle and Troy's business background and their drive for growth. They'll make this opportunity a great success. Most of all, I'm really looking forward to sitting on the waterfront and enjoying their food on a sunny afternoon.

Commissioner Brandon - I would like to thank Director Moyer, Susan Reynolds and the entire Real Estate staff for coming up with this great opportunity. This has shown that there is such a need for this type of opportunity and I'm really extremely happy. It's like a perfect process. We had a great selection panel, very diverse, very qualified. We received great applications; great interest and then we came up with a great restaurant for this opportunity site. It's just perfect. It just shows our need for more opportunities like this. I want to congratulate Troy and Danielle for putting such a wonderful proposal together. I know you're going to have nothing but success. I hope that we are able to negotiate a favorable, sustainable, long-term lease so they'll be here for years to come.

Commissioner Woo Ho - Commissioner Brandon has said a lot of the right things from the Commission. I'd like to add that number one it's great to hear that we had so many qualified bidders on the site that have the interest and that this is a successful opportunity that we tried for a retail LBE opportunity. I just wanted to personally say that I love Louisiana Cajun food. I actually give a crawfish party myself once a year in Napa so I practice what I preach. I look forward to being able to come and visit your operation.

Obviously this opportunity is very important which is to have an interested party that not met the criteria but to have the capacity as well. As Commissioner Brandon echoed, sustainability. It sounds like that is the case. That's always good news for everybody to see that we have sustained opportunities with permanent jobs for people as well as for the enjoyment of the public in terms of your food.

Commissioner Murphy - Thanks staff for bringing all of this together. Obviously very deserving, getting this contract, or getting close to getting the contract. As you probably already know, the secret to success is getting up early in the morning and going to work. And then the following day, get up earlier and go to work, and then you become successful.

Commissioner Adams - I'd like to echo what my fellow Commissioners have said. To Susan, Jay and Bob and Director Moyer, this Commission gave you a directive. Clearly due diligence was done here, thank you very much. I appreciate the competition, but I also want to give a very special thank you to Troy and Danielle, thank you. I know that you will be a great tenant at the Port of San Francisco. You deserve the world exposure.

I really appreciate this Commission for having the foresight and the vision to do things and to step out and do what's right and also to broaden our base. This will be something that will give other people an opportunity. I'm for the big guy, but I also think the small guy deserves a shot at it. Clearly, in this example, small businesses, they will do well. They deserve a shot. That's what this Commission is about that everybody in the city gets a look at and have the equal playing field.

Commissioner Brandon - I'd also like to say that we should share this pilot program with our development partners because we would like to see small businesses included in our future development sites. I think we should share this wonderful pilot opportunity.

Commissioner Katz - That's a great idea. I'll echo the comments of my colleagues and I'll take Commissioner Murphy's advice. This is really exciting that we were able to come up with an approach that makes the waterfront even more accessible to local businesses and the outreach that was done. I want to particularly thank Bob, Jay and Susan because I know you worked hard to do this.

Susan really conceived of this, and as my colleagues have all said, this is something that we're very proud of, that our Commission has done something to really make our connection that much closer to members of our community and to expand opportunities to everyone.

I'm pleased to hear of the tremendous community involvement of Queen's. I want to thank you for that. It makes me even happier that we'll be working

with you to hear how much you've given back to the community and what an example you are. This really does demonstrate the potential and opportunities for other small businesses. I'm very pleased to hear that.

I also want to thank the Renaissance Center's commitment to the community. It's extraordinary work and I can't think of a better example of the kinds of successes that you have in working with solid businesses to expand and grow. Most of all, I just want to say congratulations to Troy and Danielle. Having tried your locations on San Bruno, I'm now looking forward to dining at what I assume will be the new location at Pier 33½.

Thank you everyone very much. Commissioner Brandon, I think that's a terrific idea if staff can work with some of our partners. I know we had a number of other very strong applicants and to the extent that we might be able to look at other opportunities, that perhaps this wasn't the right space for their proposals but if we could perhaps look and see if there might be some other opportunities for others. Certainly of course to replicate what we've done here wherever possible.

11. FINANCE & ADMINISTRATION

- A. Informational presentation on the proposed Memorandum of Agreement (MOA) between the Successor Agency to the San Francisco Redevelopment Agency and the Port Commission regarding termination of the ground leases in the Rincon Point-South Beach Project Area, operation and maintenance of South Beach Harbor, Rincon Park and other improvements, and related financial terms through the December 2016 repayment of the South Beach Harbor Revenue Bonds.

Elaine Forbes, Deputy Director of Finance and Administration - I'm here today with Peter Dailey and Mark Lozovoy and Lawrence Brown from Port staff. I'm also joined by Jim Morales and Leo Levinson who are Deputy Directors at the Office of Community Investment and Infrastructure.

Staff has negotiated a Memorandum of Agreement to transfer former San Francisco Redevelopment Agency assets to the Port. These assets are all in the redevelopment area which was called the Rincon Point South Beach Plan Area, and it's all Port property. Both OCII staff and Port staff believe this agreement is in the benefit of the Public Trust and also in the benefit of the taxing entities.

This informational presentation is to provide you an opportunity to review the terms of our Memorandum of Understanding and offer us feedback before we come back and request action at the next Port Commission hearing.

As you will remember, we were here two years ago now. Our Redevelopment Agency was one of 400 agencies in the State of California that were dissolved

through the State. The successor to the San Francisco Redevelopment Agency is OCII, the Office of Community Investment and Infrastructure. The state mandate through dissolutionment was to wind down operations and transfer assets. The OCII prepares a Property Management Plan which describes the disposition of former Redevelopment Agency assets, and in that plan the Port is assumed responsibility for Rincon Point South Beach Area.

Luckily, in the late '80s, the Redevelopment Agency had the foresight to go to the State Legislature and get authorization for the Rincon Point South Beach Plan and develop a beautiful neighborhood and terrific assets in the South Beach Area. This plan required state legislation, it's in Chapter 3.10, not only to enable housing on trust assets at Delancey Street and Steamboat Point but also to authorize the Port to enter into long-term leases with the Redevelopment Agency.

The area includes those two housing developments, the residential projects, two waterfront parks and South Beach Harbor. It was always the plan that these assets would return to the Port once the project area was complete and the state legislation really recognized the superior tools of the Redevelopment Agency such as tax increment to provide for these major improvements. When the improvements were complete, they were to return to the Port for long-term care.

All the improvements are substantially complete but for outstanding BCDC permit obligations on the harbor. The question before the Commission is whether or not early termination of these leases is in the best interest of the Public Trust and we believe we've crafted an MOA that does just that.

Here is a map of the properties. It includes 17 leases, 13 sub-tenants, which are tenants of OCII. I've discussed the Seawall Lots, Steamboat Point and Delancey Street, Pier 40, the South Beach Harbor and Rincon Park. Rincon Park is not shown on this map. The sub-tenants include Carmen's, the Bike Hut, America True, their cellular leases, etc.

When we were here two years ago, we talked about a transition plan and we recognized that there were some financial barriers to a transition including an operating deficit in the harbor, some long-term debt associated with the harbor, and the unmet BCDC permit obligations.

The Port Commission gave us some recommendations and we worked with OCII staff and the OCII Commission to change the financial outlook of the harbor that included increasing berthing rates 22% phased over three years, adding a parking fee for that second parking space of \$600, putting on a waitlist fee. So what was an \$800,000 operating deficit at the harbor is now a positive net position.

Also, OCII worked with the City to secure tax increment of about \$250,000 annually to apply it to the revenue bonds. This slide shows the five year projections of the harbor and you can see we're now at a positive financial projection. Revenues are sufficient to cover operating expenses, and after the revenue bonds are repaid in 2016, we're looking at net revenue in the harbor of about a million dollars. There will be an ongoing Cal Boating loan payment of \$335,000.

We've corrected the situation working with OCII. The way this chart is structured is to look at the flow of funds that is described in detail in the report which honors the indenture of the bonds, paying operating expenses first, then bond payments and capital at the bottom.

As I've described, this asset was originally constructed in 1986. The agency financed the harbor through variable rate revenue bonds of \$23.9 million which will be repaid in 2016 and three Cal Boating loans totaling \$8 million. There's still an outstanding principal amount of \$7.07 million on those bonds because they were issued for a 50-year term. They will be repaid, staggered three years, the last year being 2036 and with a 2006 improvement program totaling \$10 million.

As with all assets, especially half-life assets, there is capital needs on the harbor. There are unmet permit obligations that are due in December 2017 that will cost approximately \$7.2 million. They are all associated with public access at Pier 40. When the permit was in, there was a more intensive use program considered on Pier 40. There's also some safety needs. The Port has hired one of our engineering firms to look at the condition of the harbor, and that report found about \$7 million of needed safety and state of good repair improvements. The harbor also needs dredging and it has not been dredged. We estimate that to be about \$3.5 million. We're seeing a total capital need of about \$17.8 million. The \$17.8 million against the bonding capacity we'll have when the loans are repaid is shown here. We have \$17.8 million of need, about \$12 million of bonding capacity. We have a shortfall of about \$5.8 million relative to the need. We will need to, as we do with all of our assets, prioritize the capital investment, cut expenses in the harbor or increase revenues. The way we have structured this MOA, South Beach Harbor is a self-supporting enterprise. The revenue it earns stays in the harbor for improvements.

We've already begun talking with the boaters about prioritizing their investment. We've also begun a conversation with BCDC about whether this \$7 million worth of improvement to Pier 40 are the best public access program. There's a lot in water recreation that might be more affordable and provide more public access that we know about today relative to the permit obligations that were put in in the '80s.

Our strategic objective is obviously to maintain South Beach Harbor as a self-supporting world class facility to benefit the Public Trust. There are benefits to the Port of early termination. First, the asset that the agency caused will become ours and it will have a balance sheet improvement. Of course, they'll be depreciated substantially because of the time value but we'll look a balance sheet improvement of north of \$14 million. There's obviously a substantial value to our maritime mission in operating these facilities.

Early termination also allows for us to increase revenues by transitioning some of the month-to-month lease tenants to Port terms and to continue to work with the South Beach Harbor in terms of parking improvements and other improvements that are revenue generating.

The MOA would terminate all the leases that we have with the Redevelopment Agency and the subtenants would become Port tenants. The Phase III permit obligations would become the Port's responsibility. We would assume the three Cal Boating loans equal to \$7 million. We would transfer South Beach Harbor net revenues to pay salary and benefits of OCII employees and revenue bond debt service. We would undertake the South Beach Harbor Program including property management and Rincon Park maintenance.

We would own and maintain Cupid's Span and the Rincon Park artwork and we would designate South Beach Harbor a special facility to segregate funds. There's a lot of detail in the report about why that's required, but essentially it's to ensure that South Beach revenues continue to be pledged to the South Beach revenue bonds and not pledged instead to Port revenue bonds.

From a policy perspective, we've structured this MOA so South Beach is a self-supporting facility. The Cal Boating loans we would assume would have only a revenue pledge to South Beach revenues and would not implicate the Port's Harbor Fund.

Under the MOA, OCII would be responsible to make bond payments until repayment in December of 2016. They'd be responsible to continue to apply about \$250,000 of tax revenue to those payments to cause The Gap subsidiary, GPS Management Services, to enter into a new letter of agreement that provides for ongoing funding for Cupid's Span and to secure \$300,000 worth of payments for the Port to provide Park security at Rincon Park.

Our next steps are to seek your approval of the MOA and related documents which includes that designation of South Beach Harbor as a special facility. Once that's done, the agreement would not become effective until all of the approval bodies have approved this agreement which obviously is the Port Commission, also the OCII Commission, the oversight board to OCII and the

concurrence of the Department of Finance at the State and the State Lands Commission.

It would not become effective until we transfer the Cal Boating loans and the subsidiary, The Gap's new letter of agreement is effectuated. So we have ongoing maintenance for Cupid's Span and we do have that \$300,000 from The Gap for Rincon Park Security.

Commissioner Woo Ho – This is a great report after what we saw a year and a half ago. It caused quite an uproar among some of the tenants in terms of the changes. Then we had to go through a lot of process to get to where we are today.

First of all, congratulations to the staff from Monique on down to Elaine and everybody that's worked on this to turn this around. It's pleasant to see that we're now operating in the black, and after debt repayment, we'll have some capital available to work on some of the permanent requirements.

I had a couple questions related to that. One is you said there's a gap now beyond the \$12 million for the \$17 million. It's a question of whether that can be phased with the operating surplus that you're now projecting after one of the major loans are paid off but you still have the Cal Boating loans that there would be more cash flow. I don't know if you've done the analysis yet to say that matches up timing wise with the operating surplus that will be generated that could be applied to the \$5 million.

Elaine Forbes - The great thing is that the bonds are repaid the year starting the permit obligations are required. We have surplus revenue of \$1 million in the project which we could bond against or let new Cal Bonding loans to support. It doesn't pay for all the capital we've identified. We have a gap there. Staff's plan to address that gap is threefold. One, we'd like to ask Cal Boating to substantially reduce the interest rates of the loans. It's at 4.5% which is a fairly reasonable interest rate but it's a 50-year term. There's been dissolutionment. We would like to cut that down and cut down the \$500 or so we're paying annually in debt service which goes through 2036.

The second plan is to potentially reduce the requirement of the permit obligations. It's \$7.2 million and they're public access on Pier 40 and there's a lot of better uses for water recreation or the disabled boaters that would be less costly and get more public access. We've started that conversation with BCDC. With those two things we're hoping to significantly reduce the loan expenses and reduce the obligation.

Commissioner Woo Ho - That may mean that we won't be spending \$17 million. It will be some other number.

Elaine Forbes - Hopefully less or it could be \$17 million but for things that provide better access or better maintain the facility. The other options relating to increasing revenue, the boaters are still below market. They were excellent to discuss the rate increase but going from below market to see that 22% increase was a lot.

We did it over three years but the berthing rates are still below market. There are leases that are not at parameter at this point at Pier 40 and we would change that. There are some changes to parking management which we think could generate more revenue in the harbor. We believe there is more revenue yet, still to either bond against or take loans out against to put more capital into the harbor.

Commissioner Woo Ho - In your current pro forma for the project, the assumption was at the current rates with no other change?

Elaine Forbes - That's right, just CPI.

Commissioner Woo Ho - Okay, just CPI. Because we did hear a lot from the slip renters, how much turnover have we experienced? At this point, is it the same group that we're dealing with or we now have some turnover

Elaine Forbes - I'm going to turn that over to Peter Dailey who runs our Maritime Division. Putting the fee on the waiting list has been an excellent innovation. Because the waiting list is now at least in half, boaters waiting for slips feel more optimistic that they will get a slip. We've called out all of those names that were no longer as interested in the harbor although there's still a lot of demand for the harbor.

Commissioner Woo Ho - That part I don't doubt. I'm just wondering whether, what the turnover, because when we have somebody new coming on, what is our policy in terms of what rent do they pay?

Peter Dailey, Deputy Director of Maritime - There has been some turnover as the rates have gone up, but we had a waiting list of over 600 people on it. The waiting list has gone down substantially mainly because we are now assessing an annual fee. Before it was just, "Put your name on the list and it's on there forever and ever." There is strong demand for the harbor. We will at some point revisit the rate situation at South Beach Harbor pursuant to other competitive facilities in the Bay.

The berth holders have been very cooperative and they have formed an organization that represents their interests. We have monthly meetings with them. They understand and are very interested in the financial viability of the harbor. That is clearly something we're going to review and look at possibly raising the rates on the higher end of the marina for the larger boats.

Commissioner Woo Ho - My question would really be, in any normal situation when somebody obviously is in existing rent, in real estate they probably pay a CPI increase. But when the real estate is vacated and someone new comes in, you have an opportunity to obviously bring that rate up to something closer to market. Are we thinking about a pricing policy in relationship to if we are having turnover which will then help increase the revenue stream a little faster? Instead of having everybody go through the same rate increase at the same time.

Peter Dailey - It's an excellent question and one that we have talked about. We just did face a 22% increase over a couple years and it went very smoothly. That would be the next evolution of our analysis of the rates to have some sort of a two tiered system for new berth holders that can pay the market rate coming in as they come because they haven't been there for an extended period of time. That is something we can certainly talk to the slip holders and come back to the Commission and report to you on our success. I think it's a very good idea.

Commissioner Woo Ho – Yes, please do come back and report on it.

Commissioner Murphy - My questions were on the same line of Commissioner Woo Ho. You gave us an excellent report and overview so I don't have any further questions.

Commissioner Brandon - Thank you for a wonderful report. I know that prior to the Oversight Agency, the Redevelopment Agency has been trying to give this back to us for years. You have done a great job in getting it to a point where at least it's manageable. We're assuming 16 leases, do we have any other liabilities on the other leases besides just the bonds and the maintenance of the buildings?

Elaine Forbes - The leases are overwhelmingly on month-to-month except for Delancey and Steamboat Point which are under 65 year term leases. There's no liability there. We have an agreement with the Mayor's Office of Housing. to just ensure that the affordability components are maintained there. The Mayor's Office of Housing is taking care of that for us through a work order agreement.

We will have new liabilities related to Rincon Park and the art. We will own the art Cupid's Span and Sea Change. We'll own that art and we'll need to insure it and provide for its maintenance. The good news is we will have an ongoing agreement for the payment of Cupid's Span maintenance but Rincon Park will be our responsibility. That's a new cost to us. There's leftover money. The Redevelopment Agency entered into a 10 year agreement with The Gap for security of Rincon Park. There's \$300,000 we will get to offset that obligation but going forward it will be ours.

On the positive side, the sub-tenants paid the agency more than our rent payment from the agency. That will cover the cost of the cost of park maintenance and security.

Commissioner Brandon – Is there any liability on the Ship Clerk's Association and South Beach Yacht Club?

Elaine Forbes - Not that I'm aware of. Ship Clerk's was actually our lease and we assigned it to the agency and so they're just reassigning it back. I'm not aware of any obligation related to the Yacht Club.

Commissioner Brandon - Are they responsible for their improvements or the maintenance of the buildings or do we take on that liability?

Peter Dailey - The building that the South Beach Yacht Club is in is relatively new. It was the most recent construction. I believe the Port, if this is agreed upon, would have the maintenance responsibility on the core and shell of the building but the interior fixture and facility would be the responsibility of the Yacht Club. I would have to verify that and I can let you know later in this week.

Commissioner Brandon – Are the rest of the leases on month-to-month?

Elaine Forbes - The smaller ones are. In Pier 40, they are. Related to the Yacht Club, I know they just requested a lease extension. This is one of the benefits of the termination of those leases is that it will be the Port solely to negotiate. We would move that lease to reflect the terms of other leases in the Port Commission's policy related to leases.

Commissioner Brandon - Help me understand the primary leases versus the sub-lease and the expirations.

Elaine Forbes – There are 17 primary leases we entered into the agency with. There's an attachment to the report that color codes all of those various leases. Some of them, like the South Beach Harbor lease is one lease. The agency has a sub-tenant there which is the Yacht Club and the Ship's Clerk, ILWU. We have other leases that don't have tenants on them for things like easements and lighting easements, etc. so that's why there's many more leases essentially, than tenants. The 13 tenants will become our direct tenants rather than agency tenants.

Commissioner Brandon - So, like Carmen's, the primary lease is 2050 and the sub-lease is 2013.

Elaine Forbes - Right, the lease with the agency would've expired in 2050 were we not going to terminate early.

Commissioner Brandon - Got it.

Elaine Forbes - Carmen's is an expired lease and is on month-to-month term.

Commissioner Woo Ho - I wanted to say one more thing to make sure my comments on record are not taken out of context. We were very sensitive to the existing slip holders when they came out en masse to tell us of the difficulty of facing a major increase over a very short period of time. I think we came to a very good compromise which was we slowed down the rate of increase and we did not bring them up to market. That was to recognize the shock of change for some of the long-term slip holders and that we were sensitive to their concerns.

My comment now is that when you have somebody new and you have a big waiting list, they certainly have a choice to decide whether they should take that slip. We have an opportunity to give them time to consider what the new rate would be and then they can make a decision whether that makes sense for them.

We're not trying to gouge or anything. We're simply being realistic with the market and given the capital needs which we're segregating from the rest of the Port, that we will need to do something that makes sense to be able to make this financially viable for us going forward but giving the slip renters clear notice of what the expectation would be in terms of rate going forward.

Elaine Forbes - Thank you for clarifying that. It's an excellent suggestion and one that the boaters would probably be very amenable to.

Commissioner Adams - This is a really good report. Could you or Peter answer the question about the ground lease and reassign the ILWU lease back to the Port?

Elaine Forbes - The ILWU lease was originally the Port's lease in the early 1980s. When we entered into the Rincon Point Plan and when that plan was initiated in 1987, we assigned the lease to the Redevelopment Agency because all of the tenants were going to be Redevelopment Agency tenants. Now we're simply going to assign that lease back to the Port.

Commissioner Adams - Thank you.

Commissioner Katz - Thank you for a great report. As Commissioner Woo Ho said, it was a very elegant solution to spread out the rent increases at the berths. I know there was an issue regarding parking, and it sounds like that's been resolved.

All of our staff have been getting really appreciative comments of the work that's being done at the harbor. What started out as a difficult and vocal

situation has turned into one where everyone is praising the work that's being done there. I want to thank everyone for their efforts on that and for bringing in a solid team to help turn that around.

Elaine Forbes - Thank you. The parking issue has been resolved. The parking situation in 2012 was that boaters were provided two parking spaces as part of their berthing rates. We felt that was excessive and the agreement was that they would continue to have one space with their berthing rates. But the second space, if they wanted it, would come with a \$600 fee. There's room to increase that fee. There may even be room to look at that first space and consider pricing it. There is a longstanding feeling that parking needs to be part of the slip rate and that is consistent with some public marinas, especially when they're on park land but not so in some other marinas where they're in a more urban areas and parking is separate and charged.

It's a continued conversation. It's certainly a place where there's a lot of revenue opportunity but it's about ability to access the harbor easily. The harbor was there before the Giants ballpark was there and some of those boaters go back to those days and they want to maintain the ability to drive up and load off boating equipment and not worry about parking. They know there is huge demand on that lot next to the Giants' ballpark.

Commissioner Katz - Perhaps we could explore, as new berthing tenants come in, creating a new policy going forward. On the Cal Boating loans, I assume it's a relatively low interest rate and there is no way we could drive that down or get a different loan that would cover that that would save any funding there?

Elaine Forbes - Possibly. It's a relatively low interest rate of 4.5% but there are lower rates in today's economy. The primary issue with this loan is it was a 50-year term. In the agency's shoes, at that time, they wanted to reduce the ongoing annual payment and that was a successful strategy but the principal is very similar to the original loan amounts.

We've talked with Cal Boating several times. They're very relieved we plan to pay back the debt because of dissolutionment. I think they are very amenable to reducing the rate. I don't know if we'll get down to zero, but I believe we can reduce the rate under 4.5%.

Commissioner Katz - Great. Thank you very much.

- B. Request approval of a prequalified list of four contractors to provide professional services for an Emergency Preparedness Training Program and authorization to award a contract to one of the prequalified firms, Tetra Tech, to program services for an amount not to exceed \$249,000. (Resolution No. 15-01)

Boris Delepine - I am the Contracts Administrator with the Finance and Administration Division. I'm joined by Sidonie Sansom, the Deputy Director of the Homeland Security Division. Emergency Preparedness training improves the Port's preparedness in the event of a catastrophic disaster. Port staff are not certified to provide training mandated by the Federal Government.

Using a Federal grant, the Port solicited services to develop and implement an Emergency Preparedness Program. The item before you today is the Request for Approval of a prequalified list of four contractors to provide professional services for an Emergency Preparedness Training Program and authorization to award a contract to one of those firms, Tetra Tech, for an amount not to exceed \$249,000.

Properly trained staff is a critical component to a successful response to any emergency incident. The Port currently staffs an Incident Management Assistance Team. Incident Management Team members are volunteer employees who serve at the Port's Department Operation Center in the event of an emergency. The objective of this contract is to train 30-50 individuals, comprising of Port Incident Management Team members, senior staff, Port staff leading on scene response operations, as well as select staff from other City agencies with which we coordinate.

The program, developed by the contractor, will be customized for the Port and will provide monthly position specific trainings, with scenarios tailored to each branch of Incident Management. This includes Finance and Operations, Planning, Logistics and Command staff. The trainings will culminate in a full scale All Hazards exercise for approximately 100 Port staff that will consist of an earthquake scenario with an oil spill component. That exercise will take place in June.

The contractor will be responsible for analyzing findings, identifying gaps, and lessons learned from the program and will incorporate those findings into the Port's Master Improvement Plan.

The funding for this project was obtained through a FEMA grant award of \$186,000 in 2013. The Port provided mandatory matching funds of \$62,000 from the fiscal year 2014-2015 operating budget. The Port Commission approved an Accept and Expend Resolution in February 2014. That was followed by the passage of an Accept and Expend Resolution at the Board of Supervisors in April of last year.

Authorization to advertise a Request for Qualifications, or RFQ, was granted by the Port Commission in August. A RFQ process was chosen rather than the traditional RFP process to give the Port greater flexibility given the various grant guidelines and certification requirements associated with the grant funds. The RFQ was issued in September. Seven proposals were submitted. Five of the seven proposals met the minimum qualifications. The two firms

that failed to meet the minimum qualifications were Keller Emergency Preparedness from Chicago and Witt O'Brien from Washington, D.C.

A three member evaluation panel met on November 12, 2014 to review and score the remaining five proposals. Scores at or about 70 points were deemed, "pre-qualified." The Emergency Preparedness Solutions from Utica, New York was the sole firm who failed to meet the 70 point score threshold. The pre-qualified firms are Tetra Tech from Pasadena, Willdan Homeland Solutions from Anaheim, BlueWater & Associates out of Novato, and Wiland Associates from Selah, Washington.

As you know, Local Business Enterprise bid discounts and subcontracting goals can only be applied on City and County funded projects. This project is therefore exempt from the Local Business Enterprise ordinance. Additionally, per the FEMA code of regulations, grant funds obtained for the purposes of this RFP are exempt from the Federal government's Disadvantaged Business Program.

However, we did outreach to the five LBEs that are currently certified to provide Emergency Preparedness Trainings in the City and County of San Francisco, though none of them applied. Port staff selected Tetra Tech for contract negotiations for the breadth of their organizational structure and prior project experience. As I mentioned before, they're based in Pasadena, California with a local office in Oakland. They've been in business for 45 years. They are currently engaged in an Emergency Services Contract with the San Francisco Public Utilities Commission.

Their project team includes very experienced evaluators and coaches that include Richard Serino, who was appointed by President Obama as FEMA's Deputy Administrator back in 2009. All of their references gave them excellent reviews and we look forward to begin working with them pending your approval. I am available to answer any questions you may have related to the contracting process. Sidonie Sansom, the Deputy Director of Homeland Security is also here with me, and she can speak to the scope of services provided through this RFP. We respectfully request your approval of this resolution.

Commissioner Brandon - Thank you for a wonderful report.

Commissioner Adams - I'd like to hear from Sidonie. Do you feel comfortable with this and how do you see this going forward? I know we live in a very fragile world. I'm in support of this. Since you are the Director of Homeland Security, is there anything that you'd like to add?

Sidonie Sansom - Thank you for asking. We're creating a program that will train Port staff with particular specialized training to the Port. We're also doing an ICS 300 class, which of all the classes for Incident Command System

Training that trains people in the framework of how to respond, this is the one that is a capstone course. It's a residence course. The others you do online. It's a really important course for Port staff to get.

We're also going to be training on how people will work within the Port. We'll be here at the Port. We're combining it with two of our highest probability events -- an earthquake, which would be devastating to the Port, the City and the region; and an oil spill, which is not so devastating to the real estate and the land side, but very much to the water side. I think it's an important program.

Commissioner Adams - Thank you.

Commissioner Woo Ho – Since we are embarking on this training, I would like to understand what do we have in existence today? I'd like to what is now and what will be different going forward with this program?

Sidonie Sansom - As most of us agree, our staff here at the Port are probably our most important asset. We have a large preventative of the Port that's been trained in various different levels of response. This is to tie all that together. We're bringing people to the Port that will be working in Pier 1 that will be working out on the Port. It will be testing and training to a higher level than we have in the past. In addition to Port staff who'll be participating, we're inviting other staff from Federal, State and local agencies that respond with us. We're really training in how we're going to respond to an emergency and we'll be doing it here on our own turf, instead of going somewhere else to do it.

Commissioner Woo Ho - My second question is, once we have obviously brought in an outside contractor to train everybody, how is this program sustained?

Sidonie Sansom - We will take the materials that the contractor provides to us, and then we will continue to use that. My hope is that with the Incident Management Assistance Team and senior staff, as we become more proficient in how to do the response, we will also feel more comfortable in providing the ongoing training to ourselves. We're building an organic capacity to continue forward.

Commissioner Woo Ho - My last question which goes beyond exactly the scope of what you're trying to achieve here and this is probably broader than just the Port, but the City. How are we preparing or considering cyber security threats and how each of the agencies are considering preparedness in terms of such an attack?

Sidonie Sansom - We are. Not so much within this program, but yes, within the City. There are other Port staff that can speak to it more than I can but we do talk on a very regular basis.

Commissioner Woo Ho – Perhaps cyber security and what we are putting in place could be a future agenda item so we can understand that because this is on the boardroom agenda of every major company right now.

Monique Moyer - I sincerely doubt we'd be authorized to do a public presentation on what the City's response is but there is a very robust group of City officials, spearheaded by the Chief of Police but including representatives from many Federal and State agencies that work on the cyber security issue on an ongoing basis and have been for several years. The Port is part of that, but not the lead in all of that.

Commissioner Woo Ho - I understand we wouldn't want to understand exactly but we want to know that there is a plan.

Monique Moyer - There is a group working on it. To the extent that a plan can stay static long enough in this world ...

Commissioner Woo Ho - Plans are not static in cyber security. They change.

Monique Moyer - Exactly. There is a concerted effort and it would include major utility providers. It includes a lot of providers that are outside of the City government but affect the city life.

Commissioner Woo Ho - Related to that question, is the Port or the City contemplating insurance?

Monique Moyer - I do not know but I will find out.

Commissioner Murphy - Are we doing any joint exercises with any other departments in the City?

Sidonie Sansom - This could really be considered a joint exercise, although we're inviting everybody to the Port to do it, because we never respond alone in either of these events. You probably know that on the water side, at the Federal level, the Coast Guard is the responsible agency. At the State level, the Cal OSPR, Oil Spill Prevention and Response, is the responsible agency. Here within the City, we work together with all of them both at a regional and State level.

Commissioner Murphy - I think I heard there in the brief that you're training volunteers?

Sidonie Sansom - We have. The whole Port becomes involved in this. If you look at employee's job descriptions, "Oil Pollution Response," is not listed in a Real Estate Property Manager's job description but we're all disaster service workers. When there's a declared disaster, we all need to come in and respond. When there's not a declared disaster, we need to come in and respond and we're responding as volunteers to that.

Commissioner Murphy - Now I understand better. I assumed that the volunteers were coming from the outside that would be non-paid.

Sidonie Sansom - No, it's when people are working for the Port they'll be under whatever their MOU or contract is. Most of us are volunteers in that we don't do that on a daily basis.

Monique Moyer - The Commissioner's question is well-founded in that volunteers are trained by other City departments, specifically the Fire department and the Department of Emergency Management. That was one of the lessons learned coming out of the Cosco Busan oil spill. The Port has not been asked to do that directly but groups like our Fisherman's Wharf Community Benefit District do train them as well. Many of our tenants, of course, train and have their own security plans. We would expect a very unified response if there was a major calamity.

Commissioner Katz - I have a couple of questions and this might be for Boris. You touched on checking references and I know at one point we were discussing whether that could be part of our RFQ and/or RFP process. Is that part of it or is that more done after the fact?

Boris Delepine - That was done after the fact. Though each of the respondents submitted prior project experience with public entities and private entities and we checked all those references after the fact, after they were chosen.

Commissioner Katz - In terms of funding, I know we've got a set amount here, but is there any possibility that there may be additional funding sources? Would that fall under the same RFQ process so we wouldn't have to go out again and could expand efforts?

Boris Delepine - If there was additional funding, the pre-qualified list has a term of two years so we could go back to that list.

Commissioner Katz - Did any of the respondents have any expertise that we might want to add that was additive to Tetra Tech?

Boris Delepine - Tetra Tech is in conversation with BlueWater & Associates, the third firm on the list. They have a specialty with oil spills and they've

worked with the Port in the past and other Bay Area agencies. They are in negotiations to potentially sponsor that portion of the All Hazards exercise. Commissioner Katz – This may be a little outside of this discussion, but as we do Emergency Preparedness, do we also have communication infrastructure and systems in place? Have we been focused on that or would they advise us on some added needs for that kind of activity?

Sidonie Sansom - We do have a lot of communication here within the Port and within the City. At the end of the exercise and after the trainings, we will be looking to participants to comment on how everything went and then we will capture any gaps in a Master Improvement Plan. Communication is always an issue because it ages out faster than anything.

Commissioner Katz - Thank you all very much.

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor. Resolution No. 15-01 was adopted.

Commissioner Mel Murphy left the meeting at 5:02 p.m.

12. PLANNING & DEVELOPMENT

- A. Informational presentation regarding a Special Event in excess of 90-days pursuant to Lease No. L- 14980 and Revocable License No. 15810 to be used as a parklet for public benefit, both activities located on Port property at Terry A. Francois Blvd. and Seawall Lot 337 and both activities to be coterminous with Lease No. L-14980.

Phil Williamson, Project Manager - I'm here today to give you a brief informational update to a project you heard about in May 2014 with the special event and revocable license proposal for a portion of the Giants' parking lot, Parking Lot A, also called Seawall Lot 337. At that time you approved the Special Event and the Revocable License. We're back here today to give you an update on the project, how it's been revised and rebranded since you last heard about it. Also to specifically respond to some questions that you had at our last meeting about the financial negotiations and the financing of the project itself.

I'm going to give you a presentation and answer as many of those questions as I can and give you updated information. Then I will introduce Fran Weld from the Giants to provide some additional material about the project, how it's changed and how the financing has evolved.

In May 2014, we received approval from the Port Commission for this exciting project at Seawall Lot 337. That is the site for the Special Event which you will hear more about and see pictures of shortly from Fran's presentation. You

also approved a Revocable License for a portion of the adjacent roadway, Terry A. Francois Boulevard, a parklet that could expand on game days when the street is already closed and activate that street for public access.

The goal of this effort from the beginning has been to "placemake" and make this a site, this quiet corner of the waterfront, a parking lot for all intents and purposes the majority of the year, an active space, a space where the neighborhood can gather. A space where Bay Area residents and visitors to San Francisco can come and experience some unique San Francisco retail providers, which you'll hear more about in a minute.

Obviously, when the Giants are playing, the Giants patrons that are parking in the parking lot will be able to access the site and enjoy the public space and the retail opportunities provided there. To refresh your memory, the Giants are planning on keeping this site open on a daily basis year round from 7:00 o'clock in the morning to 11:00 o'clock in the evening, activating this very quiet corner of the waterfront. Adding amenities to people that have moved into the area over the last several years, into the Madrone or other new residential buildings in the area.

Obviously, UCSF has been growing like crazy. Mission Bay itself is growing. Lots of new residents and workers in the area that will be able to take part in this location's opportunities. The Giants will also secure the site using their existing security from the ballpark and the Giants maintain, have built and maintain China Basin Park and so their security is already very present in the area. The Giants obviously lease the parking lot and Pier 48 under a short-term lease, so security and maintenance come hand in hand with their development of this site.

There are always concerns with these types of uses in how the surrounding neighborhood will be impacted. We've put into place good neighbor policies, Zero Waste policies that the City has legislated, those will apply here as well. The Giants are committed to being good neighbors, as they've experienced over the years with the ballpark itself. They're very responsive to community concerns when there are issues that come up.

As a reminder, last time we did go over the fee proposal for both the special event site and for the parklet. You agreed to waive the fees for the license in the street, recognizing its benefit to the Public Trust, enlivening the area, attracting people, adding public access to an area that isn't very often visited today.

There were some Port parking meters that are displaced by this Revocable License. However, they're not heavily used today. They are not available for use on game days because the street is closed. There's not a significant amount of revenue attributable to those, especially when compared to the revenues that the site itself will help generate.

For the Special Event, it is branded as, "The Yard." Port staff, working through our existing parking lease, negotiated terms that are favorable to and have an upside to the Port. There is expected new parking revenue coming from patrons to The Yard that is estimated to day at \$150,000 per year of new parking revenue. Regardless of whether that materializes or not, the Giants will pay the Port a minimum rent based on the minimum rental parameters for this type of space in the Southern waterfront.

This is some of the information that you were asking for at our last meeting. The Giants are now estimating their expenses to establish this site at \$2.5 million. In addition to the revenues from parking and the base minimum rent guaranteed, we've negotiated what we've called a "Homerun Opportunity," or, "Homerun Protection," for the Port should this place succeed as we all hope it will. The opportunity would be once the Giants have recouped their investment in this site, this \$2.5 million investment from onsite revenue sales, from the vendors you'll be hearing about shortly, the Port would share in 25% of net revenues from those vendors.

That's a very exciting opportunity to the Port. It's built in as a way to make sure we do participate if it is successful. We hope it will be and we expect it to be. The Port's analysis of the pro forma that we looked at that the Giants provided indicates that those revenues to the Port, that 25% share, could be on the order of \$150,000 per year.

The Port and the Giants are continuing our outreach to the local advisory groups, the Central Waterfront Advisory Group, to the Mission Bay Citizen's Advisory Committee and to the Rincon Point South Beach Neighborhood Association, amongst others. We'll continue to do that for this project and obviously for the larger Mission Rock project.

We are in the midst of issuing building permits for the site. They were issued last week and construction has just begun with a pretty tight construction window, January and February, with plans to open the site to the public in early March.

I would like introduce Fran Weld to run through some graphics of the site to give you a flavor of what you will be able to experience on the site in a few more weeks.

Fran Weld - Congratulations President Katz and Vice President Adams, and thank you Commissioner Woo Ho for your service as President over the last year in helping us get this to a place where it will come to fruition.

We're so excited to be here. It's been a little bit of a long process for us, longer certainly than we thought it would be when we started thinking about a temporary shipping container activation. We've been working closely with Port

staff and think that this is really a great project and will be a wonderful community benefit.

We know that you asked questions during our last appearance on this project, particularly around the financing and the terms which Phil went through and covered in a lot of detail. I'm here with my colleague John Knorpp, and both of us are available to answer any questions on the financial or the terms of this deal structure. It lies under our lease for Seawall Lot 337. It's all part of the CBBC existing relationship with the Port.

We are calling this project, "The Yard." We think that has a number of interesting references, both to the ballpark, oftentimes called, "The Yard." in old time baseball, and of course the shipping yard and rail yard that Seawall Lot 337 actually was.

I'm going to run through just some updates to our design, talk about some exciting tenants that we've been able to sign agreements with, and then also give you a flavor for the construction process and everything that's going to happen and make this come together in the next eight weeks.

What you'll see is an overview of the entire project site. It should look pretty familiar to you at this point. It's the northeast most corner of Seawall Lot 337. You can just see the Lefty O'Doul bridge in the bottom right hand of this image. We're looking south, looking at the parking lot. The ballpark is in the lower left of what this image is. And you can imagine that this is what a lot of people are going to be seeing of the project when they come to a game and when they're entering Mission Bay through Third Street.

One of the significant changes to the design that I want to point out that does impact the financial structure that Phil mentioned earlier is that after appearing before you in May of last year, we took a look at our construction numbers and realized that we needed to bring things down a little bit in order to make this affordable for us. We removed a few of the containers that were along Third Street. This lowered our initial capital investment, but we were able to keep the programming that was in those containers, because it was small food operators, and we're swapping those out with food trucks.

We'll still have the food components that were along Third Street that were a significant part of what the community had been requesting in the beginning. Starting along Third Street, you'll see that there's a food truck courtyard area with the brightly colored ground graphics. We have some retail tenants in the space adjacent to that and facing onto the walkway. What we're calling the "Giant Steps" are a public viewing platforms and picnic area in the middle that leads up to a public deck that looks out over China Basin and out to the Bay Bridge and beyond. There are some great views from up there of the Port's property in the area. On the eastern side is the beer garden that Anchor Brewing is going to be operating along with 4505 Burgers & BBQ.

One other part of this design that has changed with significant Port staff input that we appreciate, and that's on the accessibility front. The parklet space and the revocable license for Terry Francois and those parking lots, we worked hard with Port staff to ensure that the furniture that was being installed there was accessible and so what you see here is slightly different from where we'll end up in just a couple weeks.

Some quick walkthroughs of what it might feel like to be here on the ground level. This is from our digital model. Looking southwest from Terry Francois into the beer garden area. You can see those steps in the viewing platform in the background. Looking down along the entire site and you can see how this ties in with the parking lot through to China Basin Park. We hope that the public seating area is used year round and by people who want to come down here, and you don't have to buy something at The Yard in order to come enjoy your lunch here or have a coffee at the end of the day.

Another exciting design element that I wanted to touch on that we think is going to be a great addition is the idea of having community art fencing along Third Street. This has been inspired by a lot of the art projects that the Port has done in the past with the Silos and some other projects that you all have been working on. When we removed those containers I talked about on Third Street and replaced them with food trucks, we realized that we had a little bit of an issue with wind.

Of course, you all know, being on the waterfront, oftentimes it's very windy. So we had to put up additional fencing along Third Street. We had the idea of taking some pieces of the containers themselves, that we're cutting these doors and windows out of them, and creating a fence along Third Street that provides a wind protection and then also can be used by the community as a potential art work area. This is still very nascent and we're working out the details of it but we're excited about it and we've been working with the Planning and Design staff at the Port to figure out the best way to make this happen.

Anchor Brewing is going to be coming down and dipping their toe in the waterfront for the first time in a while. I joked with their President John Dannerbeck. This image you see in the top left was Anchor's response to Prohibition. Since then, they haven't been down at the waterfront and you'll see those dozens of kegs being dropped into the water. We tell them there are a couple more environmental regulations they're going to be having to follow at The Yard. Phil mentioned the Zero Waste policy and water runoff issues. But joking aside, they're obviously a wonderful tenant. They're excited about their long-term home at Pier 48 and are pleased to be expanding here in advance of that project opening.

You may be familiar with 4505 Meats because they got their start here as a tenant in the Farmer's Market at the Ferry Building. Since they had their first start here on Port property, they've actually gone off and expanded throughout the City. They're in a number of different Farmer's Markets, they have a butcher shop in the Mission and a barbecue spot on Divisadero. This will be their third permanent location in the City. This is a wonderfully growing local entrepreneur who we're excited to be helping take his business to the next level.

I'm also very pleased that Off the Grid is going to be operating our food truck area. This will be their first permanent location in San Francisco. You probably are familiar with the weekly events they do at Fort Mason and the Presidio and throughout the Bay Area. They're currently operating 40 communities in the Bay Area. But those are all on a temporal basis, and this will be the first project that they will do where they have food trucks here every day. They'll be changing and rotating so the community can get a feel for different flavors, but we will have food truck operators there on a daily basis which we're thrilled about.

We do have several more tenants coming down the pipeline. We were in final stages of negotiations. We were hoping to be able to finish all of those leases, licenses before today but can't talk about the actual tenants themselves. We're in a coffee desert in Mission Bay. First and foremost we need a coffee shop to open at 7:00 AM every day so coffee will be here. We'll have several other locally made projects with small businesses. It's one of the beauties of doing a shipping container. It's a small enough square footage that some of the smaller businesses can afford the rent.

We'll be working with an outdoor apparel provider who will also be looking at programming and recreation activities on the site. Finally, before I turn it back over to Phil and you all for any questions, I was out at the construction yard on Friday and took a couple of pictures that I thought you would be interested in just because we are constructing these shipping containers offsite. They'll arrive on Seawall Lot 337 basically ready to go but I thought you might appreciate seeing kind of where we are in the process.

These are 15 containers that were deemed no longer seaworthy from the Port of Oakland. It's 100% recycled materials. Here someone is putting the finishing touches on paint inside our deck unit for the second story. This worker is cutting a window that the barbecue will be served out of, welding some lighting fixtures on the interior of one of the retail containers. We've moved from the yard into the factory. They're cutting large panels of Birchwood that will line the insides of these containers.

Finally one of our closest to being done containers, this is the upstairs event and public viewing space and we made the decision to keep this second story container in its natural state. We didn't repair any of the dings. We're not

painting over. We think it tells a really wonderful story of where these containers came from. You'll see that red kind of rusty element showing through and then the rest of the ones downstairs that are obviously food service and more publicly oriented will be a little bit more sophisticated design but we like that mix of showing the history of these containers and really of the site.

John Knorpp, Phil and I are all available for any follow-up questions.

Corinne Woods, co-chair of the Port Central Waterfront Advisory Group and chair of the Mission Bay Citizen's Advisory Committee - We've been working with the China Basin Ballpark Company for over a year now on this project. We're looking forward to having that retail opportunity, to activating the parking lot and we expect to have Fran and the group come to the CWAG in February. We're not going to have a January meeting. We're hoping to bring them to the February Mission Bay CAC meeting. They're going to Rincon Point South Beach in February. There'll be a lot of community outreach to update people on this project and John's promised me a hot dog.

Alice Rogers from South Park - I realize that you've already approved this project, but I wanted to commend the vision and the enthusiasm of the Giants and their outreach to the community. It has been great. We're anxiously awaiting this and really appreciate that some pavement will be turned to some very interesting retail and park-like environments.

Commissioner Brandon - Great presentation. I'm looking forward to this project and the opening of The Yard. How many jobs do you think this project will generate?

John Knorpp, San Francisco Giants - That's an excellent question. We anticipate about 10 total vendors and my guess is we'll be less than 50 total employees with all of those different vendors. Obviously very few actually work for the same company. We'll have staff that does the janitorial and security. But other than that, each individual vendor will hire their own staff.

Commissioner Brandon - Great, are you using any local vendors or are you using your staff?

John Knorpp - We're using our staff.

Commissioner Brandon - Phil, how much is the fee waiver?

John Knorpp - We made a concerted effort during the design and construction of the project to use, and we're going to report with Phil, to HRC soon our LBE compliance. We are very proud of what we were able to do from a design and implementation standpoint with our LBEs. We have some very good news for you there.

Commissioner Brandon - I look forward to hearing it.

Phil Williamson - Commissioner Brandon asked a question about the fee waiver. The fee waiver is for the parklet area if you will. The parklet area is fairly small. It's about, 2,000 square feet in total along the curb of Terry Francois Boulevard. It expands on certain days out into the street itself but if you just looked at the actual dedicated 2,000 square feet, we would normally charge a fee for that at your minimum Commission approved parameter. If you use that number for this answer, that's around \$600 a month or so.

Commissioner Brandon – Okay, it's minimal. Can you tell us a little bit about the \$2.5 million budget and how that's going to be spent?

Fran Weld - I have to say \$2.5 million, if you had told us that two years ago, would've definitely had some bigger eyes. We worked very hard on trying to identify everything that had to go into this project, and at the end of the day it turns out it's pretty difficult to make a wonderful public space with reused shipping containers. We were committed to reusing shipping containers, not having new construction out of containers that may have been easier to retrofit.

Because this is a semi-permanent, we have to meet pretty substantive codes. Our seismic, our structural, our wind loads all contributed to the cost of that but it's the overall cost of the containers themselves, of the public landscaping, of the parklet component and of any additional work that we needed to do in terms of getting utilities there, water, power and gas and data.

Commissioner Brandon - Is there an actual budget that you will be maintaining throughout the process and understanding when it is your breakeven point?

Fran Weld - Absolutely, as Phil mentioned, this does lie under our lease with the Port and so it will fall into the reporting that we currently do. This will be included now in any of the reporting that we have with Port staff and we'll be tracking very closely how quickly we're getting to that breakeven point.

Commissioner Brandon - Does this lease end in 2017?

Fran Weld – Yes, March 31, 2017.

Commissioner Brandon - That's two years but we're amortizing over three years.

Fran Weld - Under our current pro forma that we've looked at, which is a conservative pro forma, we don't break even until the three years. If we do better than that, the revenue sharing will clearly begin sooner.

Commissioner Brandon - What happens in two years when the lease expires?

Fran Weld - In two years, when the lease expires, we go through the same process we've gone through as a partnership when it's expired before. We've done a new lease and then we've extended that existing lease.

Commissioner Brandon - What happens if the lease isn't extended?

Commissioner Katz - That's a good question.

Monique Moyer - That would be the Giants' risk.

Phil Williamson - Yes, there is definitely some risk. As you noted, there are roughly two years left in the lease that was negotiated in 2010. It was presented to the Commission and it had provisions for these events but it does not have an automatic renewal. We will have to be in negotiations with the Giants or with China Basin Ballpark Company at some point. In a year or so from now, we would need to sit down and have negotiations.

This assumes, of course, that the larger project which is in large part what's going to happen to this site over the long-term, the Mission Rock project itself, has a timeline that we will be bringing you an update on that project in a month or two. Hopefully in March of this year, you'll get an update on that project where we'll go into some detail about the timeline for that project. The timeline for the larger project will definitely affect how we think about the lease renewal for this parking lot.

Commissioner Brandon - Thank you.

Commissioner Woo Ho - I understand when we negotiated this we probably didn't expect to have it so drawn out until today. Given that now it only has two years left in the lease, and I understand the timeline on the larger project, but it would look like it's likely that there would be an extension of some kind. I'm trying to understand why we wouldn't be contemplating that now, given that the profitability of that project is not until year three.

Phil Williamson - That's a very good question. We have thought about the timing of that renewal. Is it something we should look at pursuing immediately? The timing of this project, I don't think we had enough time to sit down and hash out all the negotiations. Our experience last time around renewing the lease, it was a spirited renewal discussion. It took some time to complete those negotiations. Not that it would take as much time this time,

but this short-term project. The Yard's project timeline, we wanted to make sure we could get it up and running as soon as we could.

As you remember, last time we were before you, we were hoping to have it in place last summer. As Fran mentioned, financial constraints had them hold off and now we're looking at March of 2015. It does push the deadline and raises the question about, "What happens in 2017?" We'll have to have the discussion in the next year or so.

Monique Moyer – To elaborate on that, when the Port first entered into a lease with the China Basin Ballpark Corporation for Seawall Lot 337, the CBBC had to invest a significant amount of money to prepare the parking lot for parking cars, including capturing storm water runoff to protect the Bay from brake fluid, i.e. mercury. They invested a lot of money and therefore they had substantial rent credits under the initial lease.

In the last lease that we did with them, we brought the lease to market. What Phil is alluding to is we hope that since the lease is at market today and maybe there'll be some minor adjustments, we won't have such a difficult process the next time and can do so quickly. We'll also know better what our end date is, what the period is. Whereas, last time we negotiated, it was still a pretty expansive period of time as we worked through entitlements.

Commissioner Woo Ho - It's my understanding you're not presenting any specifics of pro formas today and you're not prepared to do that since you're still talking to tenants, etc. but we do have this idea that it will be profitable in year three.

Phil Williamson - Yes.

Commissioner Woo Ho - So at some point, we'd like to suggest that we get more details and then we can understand the timelines of what the need would be in terms of extensions along with the other project. That's still an outstanding question which is not so satisfying to walk out not knowing how this is going to be handled going forward.

The other question I had was relative to, is this offering going to be seven days a week, or is it only on the weekends or game days or whatever. What is the plan?

Phil Williamson - My understanding is the plan is for daily activity, seven days a week, year round basis.

John Knorpp - The quick answer as Monique explained is that we understood when we took this risk and had to delay the project, that when we ran up against a later start date, we were running up against a more current finish date, so that we took a two year risk over a three year amortization period.

We do anticipate with our relationship with the Port, probably extending the parking lot lease.

Also, it should be noted that even if we get Mission Rock entitled, the plan is not to build Mission Rock all at once. Because of its size, we anticipate it being developed in phases and the plan for this project is it's actually moved around the site. That's the good news about shipping containers. You pick them up and move them. As permanently as we're attaching them to the ground, that's a little bit more difficult, but the plan is to move this around the site during the lifetime.

We would anticipate, even if Mission Rock were to get approved and we were to start construction, we would continue this activity elsewhere on the sites so the arrangement we have with you would continue and you would continue that profit participation opportunity.

Commissioner Woo Ho - That only begs for us to discuss how we would contemplate using this project throughout the site, even if it's movable and understanding beyond two years as soon as we can.

John Knorpp - That would be great.

Monique Moyer - If a new lease comes forward for the parking at SWL 337, which we all anticipate, that was contemplated in the term sheet for the project that would be a key part of it.

Commissioner Katz - As you touched on the parking, I know we projected revenue from that increased parking that's coming in on non-game days. Is it primarily going to be tied to The Yard project, or do you anticipate that there may be some additional people coming down and utilizing the parking lots at that point?

Fran Weld - The anticipated increase in non-game day parking revenues are surrounding The Yard both in terms of daily attendance there and also for events that we throw there for the public. People would probably drive down to see a movie night there and things like that. So it would be for both special events and for daily attendance.

Commissioner Katz - Currently the parking lot is closed when it's not a game day, is that correct?

Fran Weld - Currently the parking lot is open and it operates year round, 365 days a year. We're basing that increase off of a baseline which I believe was going to be last year's, or 2013's parking revenue. If we exceed that, that's the baseline that we're going off of.

Commissioner Katz - Thank you. Most of my questions were answered. I thank you for coming back with more specificity as we always like to make sure, that the Port will be made whole and answering our financial concerns from the last time. A couple issues I'm wondering about, in terms of the parklet portion that comes out into the street on game days, will you all be taking over the maintenance of that including any impact on the street as a result of the parklet?

Fran Weld - Yes. Anything associated with those moveable pieces of furniture would be in our maintenance commitment. The street closure itself is actually done through, as you know, external City agencies due to the volume of pedestrian traffic on game days and security reasons.

Commissioner Katz - What I'm wondering is if there's any impact to the street or any damage or anything like that from moving the parklet back and forth or anything else associated with it, does repair and maintenance come under your obligations?

Fran Weld - Yes, I believe the Revocable License for Terry Francois anticipates if there's anything that we change or harm in the course of our occupation of Terry Francois or the parklet, we would return it to its initial condition.

Phil Williamson - That's correct.

Commissioner Katz - In terms of the power source, will this be on generators or how will the facilities be powered?

John Knorpp - There are two existing transformers that serve the site today in Pier 48. We will be tapping off of one of those, and those transformers are located along Terry Francois. We will use permanent PG&E power, not generators. There may be some generators for certain of the users during certain events, but we anticipate using all "quiet power."

Commissioner Katz - There might be an opportunity for some solar power. I know you heard us speak earlier when we were hearing about our success with Pier 33½ and working with local LBEs and trying to come up with a different way to provide opportunities that don't normally present themselves for some of the businesses, or that there's hurdles available. Have you, or would you consider looking at some options to remove some of the traditional barriers for some local businesses or even rotating some of them through?

Fran Weld - Absolutely, that's been a key and value that we've had for this project all along. I mentioned first the small nature of the shipping containers. Some of the areas that we're leasing are actually going to be just 8x20 feet, so that's quite affordable. We're looking at rotating through some of those areas, so smaller entrepreneurs could maybe not commit to an entire year or

five year lease, but they could come here for a month, or three months at a time. Then be able to assess whether it's a good market for them to grow into this community and possibly look at moving into one of our bigger, more permanent spaces.

We're also looking at a mix for all of our tenants of both base rent and percentage rent and we think this is in line with how the Port operates the rest of its portfolio in some of the smaller tenants allowing them to operate more on a percentage so we're sharing with their growth.

Commissioner Brandon - Is there a percentage rent in this deal?

Commissioner Woo Ho - Only after the \$2.5 million has been recouped.

Commissioner Katz - After it hits a certain metric.

Fran Weld - 25% of net revenues.

Commissioner Brandon - 25%, that's right.

Commissioner Woo Ho - Will the leases that you will grant to these various operators be structured as month-to-month or how do you structure them?

Fran Weld - It's a range. We're looking at, until 2017, the ones that have the bigger up front equipment and capital investment. But for the smaller spaces which can accommodate an easier turnover, it's up in the air. We've put out a public RFP and we're going to share it with the Port. People can come back to us and say, "We'd love to be there for a month or three months," so it can be tailored to fit the needs of the different tenants. It's definitely not one size fits all, which is also part of why it's taken us so long to put this package together.

Commissioner Katz - Will there be rotating vendors? Will there be any kind of formal entertainment? Not obviously on a massive scale, but small shows and other things that will attract people to the space?

Fran Weld - Yes, definitely, we've talked with a number of the tenants already about maybe Friday night band rotations that come and play at the bottom of those stairs and the public can come sit at the stairs and look out over the water and hear music. We've talked about drive-in movie type events. It will certainly be programmed often on a weekly, monthly or annual basis with something as small as a yoga class to something as big as a concert.

Commissioner Katz - I'm excited to see this move forward and enliven a rather quiet space right there. Thank you very much and thank you for coming today.

B. Informational presentation of the Draft Port Commercial Sign Guidelines.

Dan Hodapp, Port's Planning and Development Division - I'm here to give you an informational presentation on the rewriting of the Port's Commercial Sign Guidelines with the purposes to clarify the Port's policy on signage, to meet the needs of Port tenants, and to put signage in alignment with this development of historic properties and some of the other unique properties that we have.

The topics I would like to cover today include a brief introduction to what the current sign guidelines say, some of the challenges we meet in putting signs on Port properties, as we've had some experience in the past few years, and what new Commercial Sign Guidelines could look like.

The Port adopted its current Sign Guidelines in 1997, a few months before adopting the Waterfront Land Use Plan. The current Sign Guidelines allow number and size of signage based on the linear length of a street frontage. It's a one size fits all approach that works quite well for the Port's Seawall Lots.

Shortly after adoption of the Sign Guidelines in 1997, the Port adopted the Waterfront Land Use Plan; in 2004, the Embarcadero Historic District, and in 2014, the Union Ironworks Historic District. We found that the current sign guidelines are not always responsive to how you place signage on historic structures and do not always allow full visibility of Port tenants with the one size fits all approach. As you go down pier aprons and sometimes in our very opaque bulkhead buildings don't meet the tenants' needs. It often results some protracted discussions with future tenants as to how signage can go on historic structures. So we attempted to look at some of those issues and come up with solutions for that.

The good news is that throughout the last 10-15 years, since the adoption of the Waterfront Land Use Plan, we have had some success in the development world and we've learned a lot. We've worked with a State Historic Preservation Officer as to how to put signage on buildings. What we have heard is, again, the great concern about how you put signs on these buildings, how you get identify from the Embarcadero Promenade, how to place signs on buildings in a manner that is consistent with the Secretary's Standards for Historic Renovation.

We've also heard concerns about placing signs on the Seawall Lots with our guidelines and how developers are often familiar with working with the City sign code and how that is different or the same as ours. We want to bring some of that into alignment. We have worked in Fisherman's Wharf and we continually run up against our Sign Guidelines that don't fit the character necessarily of that district. A lot of the character, the visual quality of that area has to do with its signage, where it's much greater than other parts of the

waterfront and the City and that's found to be part of the excitement of the area, so how do we address that?

We also have different types of needs in our industrial areas in the southern waterfront, which our guidelines typically don't address how to place signage that meets the scale of that and really recognizes those types of uses. We've come up with an approach that starts out saying, "Let's be compatible with the City's structure of how they write sign code for our Commercial Sign Guidelines." Sharing some of the definitions they use for types of signs, and some of the structure and organization to what a document could be, to make it easier for people who do businesses on both sides of the line. Looking at developing specific criteria to address the historic districts I just mentioned.

Also to address how businesses get their visibility down our pier aprons, and also recognize these unique properties such as the Fisherman's Wharf, the Southern waterfront industrial buildings, and also to incorporate the signage guidelines programs that have already been established for some of the unique properties such as the Ferry Building and the ballpark and what we anticipate will probably also come forward for the Pier 70 Ironworks Historic District.

I would like to take a few minutes to walk through the Embarcadero Historic District to give you an idea of some of the methodology that we've used in developing these. The Port with its partners have developed several properties in a manner consistent with historic guidelines that are now occupied by successful businesses and we want to employ some of that experience in the new Sign Guidelines.

There are a few basic criteria that apply. One is that commercial signs should be distinct, yet complimentary and generally held away from the wall of the building. As an example, they should in most cases be perpendicular to the wall of the building so that you can tell that they are additive to the structure and not part of the historic fabric. We've come up with several solutions that can be applied. Here you see it on Bloomberg's canopy. We also describe what the qualities of that canopy could be. You get a glimpse of a banner up in the corner there that would be consistent of that as well. Then we looked at other types of signage, the directory and way finding, how you apply that to the building. In the Embarcadero Historic District, these signs were common to the buildings historically and so the requirements are that it fits within the architectural fabric using colors and materials that are consistent with the structures so that they can blend in in another way.

We also are looking at the improvements viewed collectively, the need to be consistent in character with the resources and look at the proper amount that a building can take. It does require some discretion in administering and I'll give you some examples of that as we just move forward here in a moment. We looked at bulkheads and piers separately in order to develop the most

appropriate response for each. The bulkheads have several different types of opening, a main arch, they have cargo openings and smaller openings. Here's an example of the doors at the Pier 29½ shed, large cargo doors. We examined through photo montage how signage might be added through canopies with lettering on top, done in ways that we believe are going to pass the historic test.

Then we add this one, if you notice the addition of awnings over the windows that have signage in there and some of the way finding as we look at that. We did a similar type of analysis with the bulkhead buildings where we placed canopies and awnings at the minor openings to provide identity to tenants and banners at the main arch. All this signage is occurring perpendicular to the building wall in a very lightweight manner so as the historic resource continues to read through.

We've had the opportunity to vet some of this on past projects. We believe that it will pass the environmental and historic reviews as we go forward. We also did a similar analysis on pier sheds where, how do we add identity to tenants? Pier One is a great example of that. Here we added in awnings and banners to denote uses.

Here's looking at another pier shed and we tried examples where we loaded it up as much as we can. We said, "Is that too much?" Then we backed off and said, "Okay, what do we think might pass scrutiny under the environmental historic review?" We've tried to push the limits and then go back and find the right amount as we've been writing the guidelines for the commercial signage.

Often, placing signage right on the buildings isn't adequate to notice the property owner, so we've been looking at coming up with some standards for free-standing signs. We'll be stipulating dimensions for these. Basically it calls for doing tall, narrow signs that are perpendicular to the Embarcadero so as to allow views into the water, very thin in their nature, yet turning the flatter side so that they can be viewed well from the Embarcadero Roadway and Promenade. We stipulate maximum height and width dimensions.

We've got some great successes of these as we've been trying this through the past few years. We've also been asked to provide identity on the pier sheds to some of our major tenants. We have permitted one at Pier One for Prologis. This is the one sign they've got here. We're looking at more. They're, historically, Pier 31 had a mural painted on the end of it that had been repainted and touched up. The buildings have been used for a similar type of purpose.

We've looked at all the different pier ends and we've graphed out here in grey as to where signage or murals may be able to be added and be consistent with the environmental historic requirements. Then we've tried placing signage on it. We've done small, medium and large pieces and then coming

back in the guidelines with a proposal that we think is going to pass muster and also take public comment on.

We've also looked at some of the shed walls adjacent to the Pier ends. These last two are for the benefit of identifying Port uses from the water. They're larger scaled, set up for longer distances. Whereas a lot of the other signage is oriented towards pedestrians and in some cases from vehicles from the Embarcadero or other districts.

Regarding next steps, we will continue the development of the Sign Guidelines which we are about ready to release for review with City Planning, with some of our public groups and with our key tenants and then refine those based on comments and then return to the Commission for consideration of adoption. We're hoping to do that by July of this year.

Commissioner Woo Ho - Thank you for the report. It's nice to see the graphics and I appreciate that. I think that it is a good idea because what you're doing here is trying to introduce branding to the Port and signage is part of that. To be able to create a good brand, you have to have the visual graphics that are consistently presented in terms of positioning as well as what the signage itself and what it says. I think this is a good step forward to have something that helps us to advertise and brand the Port in a direct as well as an indirect way.

Dan Hodapp - Thank you.

Commissioner Brandon - Thank you Dan, great report. Have we considered for some of the larger spaces or the end of bulkheads, proposing a fee for advertising?

Dan Hodapp - This report addresses Commercial Sign Guidelines, and that would be for tenants. The requirement is that the business use has to be at that location of where the signage is. What I believe you just described is called general advertising which currently, for a use that is not at that location. Our current sign guidelines do not permit general advertising and at this point we are not suggesting that they introduce that.

Commissioner Brandon - I'm thinking more like the, "Welcome Home," sign at the end of the bulkhead and whether it's a tenant or someone else, for the larger spaces. Have we thought about putting a fee on the advertising whether they're a tenant or not? The smaller ones are really nice, but the larger ones, it seems like we would be able to propose some type of fee. But it's just a thought.

Monique Moyer - To date, we haven't because we're still in this pre-step. We will definitely explore that going forward. It came up, as you know during the America's Cup, both by the America's Cup Event Authority that wanted to

brand the piers that they were using, but also by tenants who wanted viewers from the water and the air to be able to recognize them. It's not that it's not on the work plan, but we haven't gotten to it yet.

Commissioner Brandon - Okay.

Commissioner Katz - To clarify, that's not general advertising per se, but it's related to the tenants. Because, general advertising if it's not related to tenant, under the City's guidelines would be prohibited on the side of the building, is that correct?

Dan Hodapp - Currently, it isn't in the Port's current Commercial Sign Guidelines. I could look into the second part of your question as to whether it would have to be consistent or not with the City's guidelines.

Elaine Forbes - I happen to know the answer to this question having worked at the Planning Department. It's prohibited by Prop G, general advertising. It would have to be Business Advertising related to the tenant that's occupying the space.

Commissioner Katz - That was how I phrased my question.

Monique Moyer - The Supervisor, former Supervisor wrote the legislation as well.

Commissioner Katz - To some degree.

Monique Moyer - It was a trick question.

Commissioner Katz - I just wanted to make sure we were in compliance. That sort of addressed some of Commissioner Brandon's concerns that there are certain things that we can't do under the City's guidelines.

Commissioner Brandon - Right, I was just asking about the tenants and signage and a fee associated.

Monique Moyer - We get a sense there would be a demand for that but we have not gotten ourselves to that point in being able to study it yet.

Commissioner Katz - Perhaps as a corollary to that, some permissible signage and then if it exceeds a set amount, perhaps that's when we would start looking at charging for larger signs or something like that. If a tenant wanted something much larger, that's where we would explore, if it was permissible but, sizable, that might be where we would explore a fee.

Dan Hodapp - We have looked at providing tenant identity at either the pier ends or on the roof as part of this effort and saying, "How much of the pier

would you occupy before you could qualify for that, for the ability to do that?" We haven't looked at a pricing structure, but the way we've looked so far and we can certainly expand this at the Commission's interest is to place it that we do have that tenant in there. It is on site so it's not general advertising but that tenant is within the facility that the sign might go on.

Monique Moyer - I understand, the Commission has an interest in commercializing the sign program once we get something set.

Commissioners Brandon and Katz - Not necessarily.

Commissioner Brandon - I was just saying, like the small Bloomberg sign outside of the door, now that's standard. If Bloomberg wanted their name off the end of the pier, we should charge a fee for that even though they are a tenant of that building.

Monique Moyer - I see. Okay.

Commissioner Woo Ho – It's just like how on major buildings, companies put their name on the top of the building. They pay a fee for that.

Commissioner Katz - As Dan alluded to, there's some correlation to the amount of space, or we'd want to look at a correlation to the amount of space they occupy.

Monique Moyer - One of the issues I find we have when we do waterborne tours is that there is no identification from the water side in most of the piers. Our transit shots, they're not pretty in the back if you will. It would behoove us to have more identification from the water side. We're still exploring that. The only tenant that does that as of today is Pier 39 through the use of the flag system at the back. That's on the docket, but I don't think we're as evolved in our thinking as you are. It's been good to have the direction.

Commissioner Katz - I had just a couple specific questions. I appreciate the effort to standardize this because I know it makes it easier for everyone if there's at least guidelines, both for staff and the tenants. This is always a hot button issue in the City, or a hornet's nest. On the temporary signs and banners, just the wording of Section Three. "May be permitted up to two temporary signs." Is that, "at a time," "per annum," "per month?" I think the timing needs to be specified.

Dan Hodapp - What's included with your staff report are the current Sign Guidelines which are going to be completely rewritten. We did not distribute the draft.

Commissioner Katz - Okay, so I shouldn't keep editing those?

Dan Hodapp - We will be distributing to you the draft new ones which will look at that very differently and it will have a completely different format and different language associated with everything that we've discussed here today.

Commissioner Katz - Thank you. One of the parts we want to particularly focus on is the projection out from the building. Because I noticed that several of the examples you gave us are already in violation of our current guidelines then. Or at least, if there's signage on an awning, does that count as on the building? Does it meet the two inch limitation in some cases or the six inches or the quasi-banners projecting out?

Dan Hodapp - The proposed guidelines will have dimensions listed. For instance, we're looking at the canopies either at five or six feet out from the building. This is a chance to provide that commercial identity. It will even specify materials, metal and glass, for those canopies. We do this because of our experience working with the preservation community and the State Historic Preservation Office as how we can add signage and identity to these buildings in a modern and lightweight manner that still lets the historic resource read through strongest.

It will give very specific dimensions, very specific materials as to how you can do this including the banners at the central arch which we'll be proposing a three foot width and either up to 12 or 14 foot height to match the scale of that central arch area.

Monique Moyer - It's important to mention the "existing guidelines" that are enclosed as Attachment A were not adopted by the Port Commission. Is that correct? They've been a guidance that we've used in discussion with our tenants and through the various projects over the past couple of years we've waived from them. We've tried to employ those waivers uniformly so to speak. The written guidelines now need to catch up with the work we're doing.

Dan Hodapp - The Commission did, in fact, adopt the current sign guidelines in 1997.

Monique Moyer - I stand corrected.

Dan Hodapp - The Staff Report contains the Resolution number for doing so but we've learned so much since that point in time about our specific structures, adopting the Historic Districts. It's time to take a fresh look at those and not tweak the existing ones, but a complete new rewrite is what we're looking at.

Diane Oshima, Planning and Development Division - The idea of the awnings and the canopies are new elements that came in as part of the historic rehabilitation development projects where a new element highlights the need

for us to update our sign guidelines. We worked with the State Historic Preservation Office (SHPO) and came up with these things. We're trying to find a way of having that formally recognized in our guidelines.

Commissioner Katz - Thank you. I think it's exciting. I know people are always looking for ways to put up signage, and it's important that we have some improved and clearer guidelines and restrictions and some uniformity and also protection of our historic buildings. Thank you very much and I look forward to seeing what you come back with.

13. NEW BUSINESS

Monique Moyer - Commissioners, from today's meeting, there were a number of items that were presented to you on an informational presentation basis which will come back for action. In addition, I calculated three follow-up items. One is another update on the South Beach Harbor, the tiered rent berthing rates that we discussed at length. Second, per Commissioner Woo Ho's request, I will look into what, if any, cyber security update we can bring before you. I wanted to assure you that there is something that is going on and I don't know what I'm allowed to say or not, so I apologize for hedging on that. Third, when we lock in a pro forma for the place making phase of SWL 337, what we call the Pop Up Event Space, to bring it back for your consideration or for your review.
Did I miss anything?

Commissioner Adams - Commissioners Katz, Brandon and Woo Ho have been here a lot longer than me but could you brief us on Sinbad's at the next meeting? I'd like to know the history. I haven't had a lot of interaction so I'd like to be briefed if there is anything that can be done in executive or in open session.

Monique Moyer – Certainly.

Commissioner Katz - It may be that would need to come in Executive Session because it pertains to some settlement.

Monique Moyer - We'll certainly take a look at the best format for bringing it back to discuss.

14. ADJOURNMENT

ACTION: Commissioner Brandon moved approval; Commissioner Adams seconded the motion. All of the Commissioners were in favor.

Port Commission President Katz adjourned the meeting at 5:57 p.m.

